

ANNUAL REPORT *
2019

**An application is being made to the competent authority seeking an exemption for IL&FS and its Identified Group Companies from presenting its consolidated financial statements.*

CORPORATE INFORMATION

AUDITORS

M/s Mukund M. Chital & Co
Chartered Accountants

BANKERS

AfrAsia Bank	First Rand Bank	Standard Chartered Bank
Allahabad Bank	HDFC Bank Ltd	State Bank of India
Andhra Bank	IDBI Bank	Syndicate Bank
ANZ Banking Group	Indian Bank	The Jammu & Kashmir Bank
Axis Bank Ltd	Kotak Mahindra Bank Ltd	IndusInd Bank
Bank of Baroda	Indian Overseas Bank	UCO Bank
Bank of India	Mashreq Bank	Union Bank of India
Bank of Maharashtra	Oriental Bank of Commerce	United Bank of India
Canara Bank	Punjab National Bank	United Overseas Bank
Central Bank of India	Punjab & Sind Bank	Vijaya Bank (Now Bank of Baroda)
Dena Bank (Now Bank of Baroda)	SBM Bank (Mauritius) Ltd	
The Bank of Nova Scotia	Yes Bank	

DEBENTURE TRUSTEE

Centbank Financial Services Limited
Central Bank MMO Building, 3rd Floor
55 Mahatma Gandhi Road, Mumbai 400 001
Tel : 022 2261 6217 Fax : 022 2261 6208 Email : dts@cfsl.in

REGISTERED OFFICE

The IL&FS Financial Centre, Plot No C-22, G Block,
Bandra Kurla Complex, Bandra East, Mumbai 400 051
Tel : 022 2659 3333 | Fax : 022 2653 3149 | Website : www.ilfsifin.com
CIN U65990MH1995PLC093241

BOARD OF DIRECTORS APPOINTED FROM OCTOBER 2018

MR. VINEET NAYYAR

Chairman

(Director w.e.f. October 26, 2018)

MR. CHANDRA SHEKHAR RAJAN

Director

(Director w.e.f. October 26, 2018)

DR. MALINI VIJAY SHANKAR

Director

(Director w.e.f. October 26, 2018)

MR. NAND KISHORE

Director

(Director w.e.f. October 26, 2018)

MR. NATARAJAN SRINIVASAN

Director

(Director w.e.f. January 8, 2019)

MR. BIJAY KUMAR

Director

(Director w.e.f. April 24, 2019)

ERSTWHILE BOARD OF DIRECTORS (PRIOR TO OCTOBER, 2018)

MR. RAVI PARTHASARATHY

Chairman

(upto July 21, 2018)

MR. HARI SANKARAN

Non-Executive Director

(upto October 1, 2018)

MR. ARUN K SAHA

Non-Executive Director

(upto October 1, 2018)

MR. VIBHAV KAPOOR

Non-Executive Director

(upto September 20, 2018)

MR. SURINDER SINGH KOHLI

Independent Director

(upto September 19, 2018)

MS. SHUBHALAKSHMI PANSE

Independent Director

(upto September 20, 2018)

MS. RENU CHALLU

Independent Director

(upto September 17, 2018)

MR. UDAY VED

Independent Director

(upto September 20, 2018)

MR. RAMESH C BAWA

Managing Director & CEO

(upto September 21, 2018)

MR. RAJESH KOTIAN

Deputy Managing Director

(upto July 3, 2018)

BOARDS' REPORT

DIRECTORS' REPORT

The Shareholders
IL&FS Financial Services Limited

The Directors are pleased to present the Twenty Fourth Boards' Report and the Audited Financial Statements for the financial year ended March 31, 2019

FINANCIAL RESULTS:

	(₹ in million)	
For the Year Ended March 31,	2019	2018 *
Total Revenue	2,888.82	22,619.37
Total Expenses	125,781.79	21,815.09
Profit Before Tax	(122,673.75)	839.00
Provision for Taxation	10,052.83	743.86
Net Profit/(Loss) for the Year	(132,726.58)	95.14
Appropriations :		
Balance of Profit/(Loss) brought forward from previous year	(13,928.98)	(12,998.42)
Special Reserve I	-	(199.32)
Special Reserve II	-	(27.00)
Dividend (including Dividend Tax)	-	(799.38)
Balance of Profit/(Loss)	(146,655.56)	(13,928.98)

** Financials restated to reflect the balances as per IND AS*

The Financial Statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act.

For all periods up to and including the year ended 31 March 2018, the Company had prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

As a result of the various events during the financial year 2018-19 which are more fully discussed in notes to the financial statements, there was significant uncertainty around the recoverable amounts and valuations, and related provisions for impairment, of the various investments made and loans given by the Company to its group companies.

Your Board in consultation with the operating Management has assessed the realizable value of the assets considering the security available and management estimate in realization of those securities. Your Board has followed a conservative approach by making the prudent provisions to the best of their judgement with a view to ensure that the Financial Statements reflect the asset values close to the recoverable values under the current circumstances. Accordingly, the Board has made a provision of Rs.113,585.41 mn on account of credit risk and impairment of investments, resulting into a loss of Rs 132,726.58 mn. These amounts are only attributes and actual amounts realised may differ from net carrying amount of the assets in the financial statements

DIVIDEND:

As the Company has been defaulting in servicing its debt obligations since August 2018 and that the IL&FS group resolution process is being implemented for the Company in proceedings pending before the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") and the Hon'ble National Company Law Appellate Tribunal ("NCLAT") under Sections 241-242 of the Companies Act, 2013. Considering the amount of loss incurred during the financial year, the Company is unable to pay dividend to preference and equity shareholders. Accordingly, the Board does not recommend any dividend for the year ended March 31, 2019

SHARE CAPITAL:

The Authorised Share Capital of the Company was ₹ 1050,00,00,000/- (Rupees One Thousand Fifty crores) divided into:

- (i) 30,00,00,000 (Thirty Crores) Equity Shares of ₹ 10/- each and
- (ii) 10,00,000 (Ten Lakhs) Non-Convertible Redeemable Cumulative Preference Shares of ₹ 7,500/- each

During the year under review, the Authorised Share Capital was increased from ₹ 1050,00,00,000/- (Rupees One Thousand Fifty crores) to ₹ 2750,00,00,000/- (Rupees Two Thousand Seven Hundred Fifty Crores Only) by way of increase in share capital as follows:

- (i) 70,00,00,000 (Seventy Crores) Equity Shares of ₹ 10/- each
- (ii) additional creation of 10,00,00,000 (Ten Crore) Convertible Cumulative Preference Shares of ₹ 100/- each

RESERVES:

During the year under review, the Company has incurred a net loss of ₹ 132,726.58 mn consequently, no transfers were made to the reserves. The company has transferred an amount of ₹ 706.56 mn from Preference Share Premium into Preference Share Premium Redemption Reserve during the year.

SIGNIFICANT DEVELOPMENTS:

IL&FS Financial Services Limited (IFIN), a Wholly Owned Subsidiary of Infrastructure Leasing and Financial Services Limited (IL&FS). The Company is registered with the Reserve Bank of India (RBI) as a Systemically Important Non-Deposit Accepting Non-Banking Finance Company (NBFC-ND-SI). The major business operations of Company was infrastructure financing transactions, Investment Banking, Debt Syndication, Corporate advisory and corporate lending. Given the challenges and adverse circumstances, the Company could not progress with its regular business

The Company reported defaults on its borrowing obligations during the financial year 2018-19. The credit rating of the Company was downgraded to 'D' (lowest grade)

The Board of Directors of IL&FS was reconstituted pursuant to the order dated October 01, 2018 of Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") under an application by the Union of India filed under Section 241 and 242 of Companies Act, 2013, on the grounds of Oppression and Mismanagement

Further, vide the order passed by the Hon'ble NCLT on October 9, 2018, the newly constituted Board of IL&FS was empowered to replace the directors of subsidiary companies of IL&FS, including IFIN .

Accordingly, the following persons were appointed as Directors of the Company:

Mr Vineet Nayyar
Mr C S Rajan
Mr Bijay Kumar
Mr N Srinivasan
Mr Nand Kishore
Ms Malini Shankar

The new Board of Directors at their Meeting held on October 26, 2018, appointed Mr Kaushik Modak as the Chief Executive Officer (CEO) of the Company

Pursuant to a report filed by the Registrar of Companies, Mumbai ("RoC") under Section 208 of the Companies Act, 2013, the Ministry of Corporate Affairs ("MCA") vide its Order dated September 30, 2018, directed that the affairs of the Company be investigated by the Serious Fraud Investigation Office ("SFIO"). SFIO commenced investigation of the affairs of the Company and submitted an interim report under Section 212(11) of the Companies Act, 2013

On the basis of recommendation of IL&FS Board, Grant Thornton India LLP (GT) was appointed to conduct the special audit of certain identified group entities including IFIN, for the period April 1, 2013 to September 30, 2018

Additionally, the Hon'ble NCLAT passed an Order on October 15, 2018 (the "Interim Order") pursuant to which it stayed various proceedings and actions against IL&FS and its Group Companies including IFIN (until further Orders). The Interim Order enabled value preservation of the IL&FS Group's assets and provides time to the New Board to evaluate, prepare and implement a resolution plan for the Company and its group companies in an orderly manner, keeping in mind the interest of the various stakeholders

The New Board of IL&FS has been working on the Resolution Plan of the IL&FS Group, which has multiple, complex and diverse entities under varied operating structures. The Board

has submitted the First Progress Report to the MCA on October 30, 2018. In the First Progress Report, the Board, based on its initial assessment, amongst others outlined: (i) key challenges facing the IL&FS Group; and (ii) options which were and could be considered for resolution of the IL&FS Group. The Board has submitted Five Progress Reports from time to time to the Union of India

Taking into account the various challenges being faced by the IL&FS Group, including the complexity posed by its structure, width of operating business, scale, group-wide levels of leverage, public interest, financial stability, legality, various stakeholder interests (including interests of the joint venture partners) and commercial feasibility, the Board has put in place a resolution framework to have a timely resolution process, which is fair and transparent and incorporates well established legal principles and seeks to address concerns of all stakeholders of the IL&FS Group

Currently, the Company is focusing on loan recovery and has recovered around ₹ 1200 Cr from external clients. To achieve maximum loan recovery and to expedite this process, various options (including legal actions) have been implemented in the best interest of the Company. Recoveries from the exposures extended to IL&FS Group entities would depend on the overall resolution under the Hon'ble NCLT framework

The Company has been categorized as the “RED Entity” indicating that it is not able to meet all obligations (financial and operational) including payment obligations to its senior secured financial creditors. Accordingly, under the resolution mechanism, the Company is permitted to make only those payments necessary to maintain and preserve a going concern status

During the period under review, the Company was under investigation by various Government mandated investigative agencies. The Hon'ble NCLT vide its order dated January 01, 2019 ordered re-opening of the books of accounts and re-casting of the Financial Statements for the past five Financial Years, viz. from Financial Year 2012-13 to Financial Year 2017-18

The erstwhile Statutory Auditors M/s BSR & Associates LLP, Chartered Accountants, had tendered their resignation vide letter dated June 19, 2019

The Hon'ble NCLT has vide its order October 18, 2019 approved the application of Union of India for appointment of M/s. Mukund M Chitale & Co, as the Statutory Auditors of the Company for the Financial Year 2018 – 2019

FINANCIAL PERFORMANCE:

The Company has been facing operational and capacity issues due to loss of key employees. The Financial statements of the subsidiaries and the Joint Ventures will not be available before the annual general meeting of the company. In view of the above, the Financial Statements of the Subsidiaries Companies will not be available before the Annual General Meeting of the Company. Accordingly the Company is unable to provide its Consolidated Financial Statement and salient features of the Financial Statements of the Company's Subsidiaries and Joint Ventures in Form AOC-1 as required under Section 129(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE:

(1) IL&FS Global Financial Services Pte Ltd:

The Company has surrendered its license to Monetary Authority of Singapore (MAS) on April 2019

(2) IL&FS Global Financial Services (UK) Ltd:

The Company has surrendered its license to Financial Conduct Authority (FCA) and the Company is under liquidation

(3) IL&FS Global Financial Services (ME) Limited:

The Company has surrendered its license to Dubai Financial Services Authority (DFSA) and the liquidation process would be initiated in the due course of time

(4) IL&FS Global Financial Services (HK) Limited:

The Company has surrendered its license to Securities and Futures Commission (SFC) and the Company is under liquidation

(5) IL&FS Capital Advisors Limited:

The Company is under Voluntary Liquidation pursuant to the Insolvency and Bankruptcy Code of India, 2016 read with regulation made thereunder

(6) IL&FS Broking Services Private Limited:

The Company is under Voluntary Liquidation pursuant to the Insolvency and Bankruptcy Code of India, 2016 read with regulation made thereunder

(7) Syniverse Technologies India Pvt Limited:

Syniverse Technologies India Pvt Limited is a Joint Venture of the Company with Syniverse Technologies Inc and Flash net Info Solutions Limited. The Company was formed to undertake Mobile Number Portability (MNP) in India

(8) IL&FS Engineering and Construction Company Limited:

The Company is into infrastructure development, Construction and Project Management

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

The normal business operations of the Company as they existed until September 30, 2018 have ceased since, and the reconstituted Board has undertaken certain steps, to continue the current operations of the Company and is completely focused on achieving resolution as mandated by NCLT.

HUMAN RESOURCE:

The Company firmly believes that its Human Resource is most valuable assets and it contributes towards the performance of the Company in a substantial way. The Company has devised various development programs for the employees through internal as well as external training program. The Company has a robust performance management system in place which recognizes the performers and accordingly rewards the employee. The Board of Directors places on record their appreciation to all the employees of the Company for their sustained efforts, dedication and hard work during the year

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (SHWW Act), the Company has formulated and adopted "The Sexual Harassment of Woman at the Workplace Prevention, Prohibition and Redressal policy"

As required under the SHWW Act, the Company has constituted an Internal Complaints Committee comprising of Senior Executives of the Company. The Committee is responsible for ensuring compliance in terms of provisions of the Act, from time to time

Pursuant to implementation of the SHWW Act, the status of complaints received and resolved is as follows:

Number of complaints received during FY 2019	Nil
Number of cases disposed during FY 2019	Nil
Number of cases pending for more than 90 days	Nil
Number of Awareness workshops conducted	Online EHB is available for employees reading & review (Self Learning mode)
Nature of action taken by the District Officer	NA

FINANCIAL RESOURCES:

The Company has raised its financial resources principally through working capital facilities and term loans from banks, deposits from corporates, issue of secured non-convertible debentures, non-convertible redeemable cumulative preference shares, commercial paper and ECB Rupee loans. Resources raised are in line with the requirement that Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) is required to comply, keeping in mind the management of interest rate risk, potential asset liability mismatch and treasury operations

During the year, the Company maintained the highest credit rating provided by Credit Rating Agencies till August 2018, for all its borrowing, including by issuance of debt instrument on a private placement basis. Subsequently the Rating Agencies, in view of series of defaults, have downgraded the Company's rating to "D". Pursuant to the restrictions on mobilization of resources, as part of the resolution plan adopted by the Company, the Company has not incrementally drawn any funds

During the year FY 2018-19, the Company had issued NCDs on a private placement basis as under:

- (1) On April 16, 2018, May 3, 2018 and July 4, 2018, the Company issued and allotted Secured Redeemable Non-Convertible Debentures i.e. 10,00,000 NCDs, 10,00,000 NCDs and 5,00,000 NCDs of the face value ₹ 1,000 each respectively
- (2) On April 23, 2018, the Company issued and allotted 10,00,000 Unsecured Redeemable Non-Convertible Debentures of the face value ₹ 1,000 each

INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rule, 2016 ("the IEPF Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF, established by the Government of India, after the completion of seven years.

There is an unclaimed dividend of ₹ 9,35,653 on Non-Convertible Redeemable Cumulative Preference Shares (NCRCPs) as on March 31, 2019 which is not yet eligible to be transferred to IEPF

RBI GUIDELINES:

The Company has incurred substantial loss during the year and resultant the Net worth, Net Owned Funds and the Capital Adequacy Ratio is below the minimum prescribed by the Reserve Bank of India.

NON-ACCEPTANCE OF PUBLIC DEPOSITS:

The Company is a Systemically Important Non - Deposit Taking Non-Banking Finance Company. It has not accepted any public deposits during the financial year 2018-19

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Appointment of Directors:

Pursuant to the order of Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") dated October 01, 2018, under an application by the Union of India filed under Section 241 and 242 of Companies Act, 2013, the Board of Directors of Infrastructure Leasing & Financial Services Limited ("IL&FS"), holding Company was reconstituted

Further, vide the order passed by the Hon'ble NCLT on October 9, 2018, the newly constituted Board of IL&FS was empowered to replace the directors of subsidiary companies of IL&FS, including IL&FS Financial Services Limited (IFIN)

Accordingly, the Board of Directors of IFIN was reconstituted on October 26, 2018 as below:

Sr No	Name of Directors	Designation
1	Mr Vineet Nayyar	Chairman
2	Mr C S Rajan	Non-Executive Director
3	Mr Nand Kishore	Non-Executive Director
4	Dr Malini Shankar	Non-Executive Director

Further, Mr N Srinivasan and Mr Bijay Kumar were appointed as a Non-Executive Directors of the Company with effect from January 8, 2019 and April 24, 2019 respectively

Resignation of Director:

The following Directors resigned from the Directorship of the Company:

Sr No	Name of the Director	Designation	Date of cessation as Director
1	Mr Rajesh Kotian	Deputy Managing Director	Resigned wef July 3, 2018
2	Mr Ravi Parthasarathy	Chairman	Resigned wef July 21, 2018
3	Ms Renu Challu	Independent Director	Resigned wef September 17, 2018
4	Mr Surinder Singh Kohli	Independent Director	Resigned wef September 19, 2018
5	Mr Vibhav Kapoor	Non-Executive Director	Resigned wef September 20, 2018
6	Ms Subhalakshmi Panse	Independent Director	Resigned wef September 20, 2018
7	Mr Uday Ved	Independent Director	Resigned wef September 20, 2018
8	Mr Ramesh Bawa	Managing Director & CEO	Resigned wef September 21, 2018
9	Mr Hari Sankaran	Non-Executive Director	Suspended wef October 1, 2018
10	Mr Arun Saha	Non-Executive Director	Suspended wef October 1, 2018

Details of Board and Committee Meetings

- (i) **Details of the Meetings for the period April 01, 2018 to September 30, 2018. During the period six Board Meetings (dated May 28, 2018, July 18, 2018, August 29, 2018, September 11, 2018, September 18, 2018, September 21, 2018) were held**

Sr No	Name of the Directors	Category	No. of Board Meetings attended	Last Annual General Meeting Attendance	Date of Cessation
(1)	Mr Ravi Parthasarathy	Chairman-Non-Executive Director	1	NA	Resigned wef 21/07/2018
(2)	Mr Ramesh C Bawa	Managing Director & CEO	5	NA	Resigned wef 21/09/2018
(3)	Mr Rajesh Kotian	Deputy Managing Director	1	NA	Resigned wef 03/07/2018
(4)	Mr Hari Sankaran	Non-Executive Director	6	Yes	Suspended wef 01/10/2018
(5)	Mr Arun K Saha	Non-Executive Director	5	Yes	Suspended wef 01/10/2018
(6)	Mr Vibhav Kapoor	Non-Executive Director	3	NA	Resigned wef 20/09/2018
(7)	Mr Surinder Singh Kohli	Independent Director	5	NA	Resigned wef 19/09/2018
(8)	Ms Renu Challu	Independent Director	3	NA	Resigned wef 17/09/2018
(9)	Ms Shubhalakshmi Panse	Independent Director	5	NA	Resigned wef 20/09/2018
(10)	Mr Uday Ved	Independent Director	4	NA	Resigned wef 20/09/2018

* The Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") vide Order dated October 01, 2018 suspended the Directors from the Board of the Company

- (ii) **Details of the Meetings for the period October 01, 2018 to March 31, 2019. During the period four Board Meetings (dated October 26, 2018, December 13, 2018, January 08, 2019 and March 11, 2019) were held**

Sr No	Name of the Directors	Category	No. of Board Meetings attended	Last Annual General Meeting Attendance	Date of Appointment*
(1)	Mr Vineet Nayyar	Non-Executive Director	4	NA	26/10/2018
(2)	Mr C S Rajan	Non-Executive Director	4	NA	26/10/2018
(3)	Mr Nand Kishore	Non-Executive Director	4	NA	26/10/2018
(4)	Dr Malini Shankar	Non-Executive Director	4	NA	26/10/2018
(5)	Mr N Srinivasan	Non-Executive Director	2	NA	08/01/2019

* Appointment vide Hon'ble NCLT order dated October 9, 2018

#Mr Bijay Kumar was appointed as a Non-Executive Director w.e.f April 24, 2019

** In exercise of powers under section 242(2)(4) of the Companies Act, 2013, the Hon'ble NCLT vide its Order dated April 26, 2019 has granted dispensation with requirement of appointment of Independent Directors during the moratorium period

COMMITTEES OF THE BOARD:

The following Committees of Directors have been constituted:

(a) Audit Committee:

- (i) **Details of the Audit Committee Meetings for the period April 01, 2018 to September 30, 2018. During the period two Audit Committee Meetings (dated May 28, 2018, August 29, 2018) were held:**

Sr No	Name of the Members	No. of Audit Committee Meetings attended	Date of Cessation
(1)	Mr Surinder Singh Kohli – Chairman	2	Resigned wef 19/09/2018
(2)	Ms Shubhalakshmi Panse	2	Resigned wef 20/09/2018
(3)	Mr Arun Kumar Saha*	1	Suspended wef 01/10/2018

* The Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") vide Order dated October 01, 2018 suspended the Director from the Board of the Company

- (ii) **The Audit Committee was re-constituted and the details of the Audit Committee Meetings for the period October 01, 2018 to March 31, 2019 as under:**

Sr No	Name of the Members	No. of Audit Committee Meetings attended	Date of Appointment
(1)	Mr N Srinivasan- Chairman	3	08/01/2019
(2)	Mr Nand Kishore	3	26/10/2018
(3)	Dr Malini Shankar	3	26/10/2018

During the period three Audit Committee Meetings (dated January 24, 2019, and January 29, 2019 February 08, 2019) were held

The duties and responsibilities of the Audit Committee are as defined under provisions of the Companies Act, 2013

The Board of Directors have duly accepted all the recommendations made by the Audit Committee during the year under review

(b) Nomination & Remuneration Committee:

During the period under review, one Meeting of Nomination and Remuneration Committee (NRC) was held on May 28, 2018 as per details below:

- (i) **Members for the period April 01, 2018 to September 30, 2018**

Sr No	Name of the Members	No of NRC Meetings attended	Date of Cessation
(1)	Mr Surinder Singh Kohli – Chairman	1	Resigned wef 19/09/2018
(2)	Ms Shubhalakshmi Panse	1	Resigned wef 20/09/2018
(3)	Mr Ravi Parthasarathy	1	Resigned wef 21/07/2018
(4)	Mr Hari Sankaran	1	Suspended wef 01/10/2018

* The Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") vide Order dated October 01, 2018 suspended the Director from the Board of the Company

- (ii) **The Nomination and Remuneration Committee was re-constituted and the details for the period October 01, 2018 to March 31, 2019 are as under:**

Sr No	Name of the Members	Date of Appointment
(1)	Mr Nand Kishore	26/10/2018
(2)	Dr Malini Shankar	26/10/2018

(c) **Corporate Social Responsibility (CSR) Committee:**

During the year, the erstwhile Members of CSR Committee met once on May 28, 2018

Sr No	Name of the Members	No of CSR Committee Meetings attended	Date of Cessation
(1)	Ms Shubhalakshmi Panse – Chairperson	1	Resigned wef 20/09/2018
(2)	Mr Surinder Singh Kohli	1	Resigned wef 19/09/2018
(3)	Mr Hari Sankaran*	1	Suspended wef 01/10/2018
(4)	Mr Ramesh Bawa	1	Resigned wef 21/09/2018

* The Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") vide Order dated October 01, 2018 suspended the Director from the Board of the Company

Currently, the CSR Committee comprises of Mr Vineet Nayyar, Mr N Srinivasan and Dr Malini Shankar

(d) **Stakeholders Relationship Committee:**

The constitution of the Stakeholders Relationship Committee during the period April 1, 2018 to September 30, 2018:

Sr No	Name of the Members	Date of Cessation
(1)	Mr Arun K Saha- Chairman*	Suspended wef 01/10/2018
(2)	Mr Rajesh Kotian	Resigned wef 03/07/2018

* The Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") vide Order dated October 01, 2018 suspended the Director from the Board of the Company

Currently, the Stakeholders Relationship Committee comprises of Mr Nand Kishore and Dr Malini Shankar

(e) **Risk Management Committee:**

During the year, the erstwhile Members of Risk Management Committee met once on May 28, 2018

(i) **Members for the period April 01, 2018 to September 30, 2018**

Sr No	Name of the Members	No of Risk Management Committee Meetings attended	Date of Cessation
(1)	Mr Surinder Singh Kohli – Chairman	1	Resigned wef 19/09/2018
(2)	Mr Hari Sankaran*	1	Suspended wef 01/10/2018
(3)	Mr Arun K Saha *	1	Suspended wef 01/10/2018
(4)	Mr Ramesh C Bawa	1	Resigned wef 21/09/2018
(5)	Mr Rajesh Kotian	1	Resigned wef 03/07/2018

*The Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") vide Order dated October 01, 2018 suspended the Director from the Board of the Company

(ii) **The Risk Management Committee was re-constituted and the details of the Risk Management Committee for the period October 01, 2018 to March 31, 2019 are as under:**

Sr No	Name of the Members	Date of Appointment
(1)	Mr Kaushik Modak	26/10/2018
(2)	Mr Asesh Dutta	26/10/2018
(3)	Mr Pradeep Panicker *	26/10/2018
(4)	Mr Deepak Pareek *	26/10/2018

* Mr Pradeep Panicker and Mr Deepak Pareek ceased to be Members of the Risk Management Committee

(f) **Information Technology Strategy Committee:**

The Company has constituted an Information Technology (IT) Strategy Committee pursuant to the requirements of the Reserve Bank of India's Master Direction (No. DNBS.PPD.No.04/66.15.001/2016-17) on Information Technology Framework for the NBFC Sector

During the year, one Meeting of IT Strategy Committee was held on May 28, 2018 and the details are as under:

(i) Members for the period April 01, 2018 to September 30, 2018

Sr No	Name of the Members	No of IT Strategy Committee Meetings attended	Date of Cessation
(1)	Ms Shubhalakshmi Panse – Chairperson	1	Resigned wef 20/09/2018
(2)	Ms Renu Challu	1	Resigned wef 17/09/2018
(3)	Mr Ramesh Bawa	1	Resigned wef 21/09/2018
(4)	Mr Arun Kumar Saha	1	Suspended wef 01/10/2018
(5)	Mr Deepak Pareek	1	-
(6)	Mr Savio Furtado	1	-

* The Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") vide Order dated October 01, 2018 suspended the Director from the Board of the Company

Currently, the IT Strategy Committee comprises of Mr Vineet Nayyar, Mr Asesh Dutta, Ms Jayashree Ramaswamy, Ms Sudakshina Bhattacharya and Mr Savio Furtado

Statement of Declaration given by the Independent Directors under Section 149:

All the erstwhile Independent Directors had provided the declarations that they met the criteria of independence as provided under section 149(6) of the Companies Act, 2013

Board Evaluation:

As per the provisions of the Companies Act, 2013, the Company has laid down Performance Assessment Process and Parameters for the evaluation of the performance of the Board, Committees thereof, individual Directors and the Chairman at its Meeting held on May 28, 2018

Key Managerial Personnel:

In terms of provisions of Section 203 of the Companies Act, 2013, the following are/ were the Key Managerial Personnel (KMP) of the Company:

- (1) Mr Ramesh C Bawa – Managing Director & CEO *
- (2) Mr Rajesh Kotian – Deputy Managing Director *
- (3) Mr Deepak Pareek – Chief Financial Officer
- (4) Ms Neelam Desai – Company Secretary
- (5) Mr Kaushik Modak – Chief Executive Officer #

* Mr Rajesh Kotian and Mr Ramesh Bawa and resigned with effect from July 3, 2018 and September 21, 2018 respectively

Appointed with effect from October 26, 2018

DIRECTORS RESPONSIBILITY STATEMENT:

- (1) On October 01, 2018, based on a petition by Union of India (“UOI”), the erstwhile Board of Directors of Infrastructure Leasing and Financial Services Limited (IL&FS) was suspended by the Hon’ble NCLT and New Board of Directors was appointed. The First Board Meeting of IFIN took place on October 26, 2018. Accordingly, in respect of the period prior to October 26, 2018, the Directors are unable to and do not confirm the compliance with the requirements of the provisions of the Companies Act 2013.
- (2) The IL&FS Board has on a best effort basis and after considering the complexity of the operations, including challenges in implementing the resolution plan, put in place a framework for preparation of financial statements, selection of accounting policies, maintenance of accounting records and prevention and detection of frauds for periods subsequent to their appointment. The Company has also faced several challenges in obtaining financial information and in being able to prepare its financial statements for the year ended March 31, 2019 in view of first-time application of IND-AS and severe resource and other constraints. Having regard to these matters, the Company has applied judgments and estimates for several matters on applying prudence and conservatism for accounting and has tried to reflect substance over form in respect of transactions and balances in order to derive the business sense from the transactions and events and to present them in a manner that best reflects their true essence based on current estimates. These estimates may change due to subsequent events and are subject to the internal and external investigations that have been initiated.
- (3) The Company's accounts for the 5 financial years ended 2017-18 are undergoing the process of reopening and restatement, pursuant to an order of the Hon’ble NCLT. The SFIO and the IL&FS Board have also initiated their respective, independent investigations on various matters in relation to the Company, for past years and for the current financial year up to September 30, 2018. The possible outcomes of these matters and their effects are currently not determinable.
- (4) Section 134(3)(c) of the Companies Act, 2013, requires the Board of Directors to provide a statement to the Members of the Company in connection with maintenance of books, records, and preparation of Annual Accounts in conformity with accepted accounting standards and past practices followed by the Company.
- (5) Pursuant to the foregoing and to the best of the knowledge and belief of the current Board of Directors of the Company, on the basis of representations received from the operating management, and after due enquiry and having regard to the matters discussed previously and subject to the various limitations due to the extenuating circumstances, it is confirmed that.
 - (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures. Such departures, which are stated in the relevant notes to the financial statements, have been done having regard to the prevailing conditions under which the Company is operating currently as more fully explained in paragraphs 1-4 above;

- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period, having regard to the prevailing conditions under which the Company is operating currently;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the applicable Regulations for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, from the period from which the members of the Board have been appointed. The directors have put in place controls and processes in respect of resolution processes / transactions from October 26, 2018 to March 31, 2019;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company in respect of the period from October 26, 2018 from which date the members of the Board have been appointed and that such internal financial controls were adequate and were operating effectively as at year end, except that due to the prevailing conditions under which the Company is operating currently, and having regard to the matters stated;
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively, commencing from the period from October 26, 2018, having regard to the various matters discussed earlier that have resulted in the current status of the Company;

AUDITORS:

(1) STATUTORY AUDITORS:

- (i) M/s BSR & Associates LLP, Chartered Accountants, had tendered their resignation on June 19, 2019 from the position of Statutory Auditors of the Company. On the basis of recommendation of the Audit Committee, the Board of Directors recommended appointment of M/s. Mukund M Chitale & Co to the shareholders of the Company, subject to approval of relevant authorities.
- (ii) The Shareholders at its Meeting held on July 11, 2019, approved the appointment of M/s. Mukund M Chitale & Co as Statutory Auditors of the Company subject to the approval of relevant authorities.
- (iii) Hon'ble NCLT has vide its order dated October 18, 2019 approved the appointment of M/s. Mukund M Chitale & Co, as the Statutory Auditors of the Company for the Financial Year 2018 – 2019.

(2) AUDIT REPORTS:

(a) Statutory Auditors' Report for FY 2018 – 19:

The Management Representation on the qualifications/ observations/ remarks of Statutory Auditor pertaining to year ended March 31, 2019 are as under:

Sr No.	Qualifications	Responses to Audit Qualifications / observations
1.	Note 6 of the Standalone Ind AS Financial Statements, on January 1, 2019, the Company, its Holding Company (Infrastructure Leasing & Financial Services Limited) and its fellow subsidiary (IL&FS Transportation Networks Limited) received orders from the National Company Law Tribunal for the reopening and recasting of their accounts in respect of financial years 2013-14 to 2017-18, under Section 130 of the Companies Act 2013. Such process of reopening and recasting of prior years' accounts is currently in progress.	An order received from NCLAT dated January 1, 2019 has allowed a petition by the Union Of India for reopening of the books of accounts and recasting of the financial statements under Section 130 of the Companies Act for the five financial years between 2013-14 to 2017-18 of the Company, its Holding Company Infrastructure Leasing & Financial Services Limited ("IL&FS") and its fellow subsidiary (IL&FS Transportation Networks Limited). Accordingly, the NCLT has appointed firms to carry out the re-opening and recasting of financial statements which is under progress. The company will make the required adjustments once the recasting process is completed.
2.	Note 7 of the Standalone Ind AS Financial Statements which describes that a third-party forensic examination of various matters for the period April 2013 to September 2018 has been initiated by the Board of Directors of the Company, which is currently ongoing.	The Board of Directors of IL&FS, in January 2019, have initiated a forensic examination for the period from April 2013 to September 2018, in relation to certain companies of the Group, and has appointed an independent third party for performing the forensic audit and to report their findings to the Board. The Company has received two interim reports in this matter so far. However, pending completion of such examination, no adjustments have been recorded in these Ind-AS financial statements for any consequential effects / matters that may arise in this regard on completion of such investigations.

Sr No.	Qualifications	Responses to Audit Qualifications / observations
3.	Note 8 of the Standalone Ind AS Financial Statements which describes that the management is in the process of reconciling claims received with its books of account.	<p>Pursuant to the "Third Progress Report – Proposed Resolution Framework for the IL&FS Group" dated December 17, 2018 and the "Addendum to the Third Progress Report – Proposed Resolution Framework for IL&FS Group" dated January 15, 2019 ("Resolution Framework Report") submitted by IL&FS to the Ministry of Corporate Affairs, Government of India which, in turn, was filed with the Hon'ble National Company Law Appellate Tribunal ("NCLAT"), the creditors of the Company were invited (via advertisement(s) dated May 22, 2019) to submit their claims as at October 15, 2018 with proof, on or before June 5, 2019 (subsequently extended till September 22, 2019) to a Claims Management Advisor ("CMA") appointed by IL&FS. The amounts claimed by the financial and operational creditors are assessed for admission by the CMA.</p> <p>Management of the Company is in the process of reviewing such claims, and reconciliation of such claims with the corresponding amounts as per the Company's books of account. Having regard to the nature, volume and value of claims received, management is of the view that due process will need to be applied to all such claims, in order to finally determine the level of present and possible obligations that would need to be recognised by the Company as liabilities.</p>
4.	Note 9 of the Standalone Ind AS Financial Statements which states that the management is in the process of assessment and determination of the financial and other consequences of the litigations stated in the said note, pending which no adjustments have been made to the Standalone Ind AS financial Statements in this regard.	As a result of the events up to September 30, 2018, there have been various legal cases and suits filed against the Company following the default of borrowings made by the Company, as described in that note. Further, the Company is undergoing a resolution process under the order of the National Company Law Tribunal ("NCLT"), pending which the management is in the process of making assessments and determinations as to liabilities, provisions and contingent liabilities
5.	Note 10 of the Standalone Ind AS Financial Statements which describes that as at March 31, 2019, in respect of transactions with Group companies, the Company has made provisions of Rs.47,987.34 million, Rs.798.21 million, Rs.2,528.30 million and Rs.4,051.96 million respectively towards impairment provisions for loans given, receivables from, impairment of investments and other financial assets and recorded net loss on fair value changes of Rs.2,837.64 million on other financial assets measured at fair value though profit and loss. The Company does not currently have the necessary and/or complete information to support cash flow based tests over its	<p>As a result of the various events during the financial year 2018-19 there is significant uncertainty around the recoverable amounts and valuations, and related provisions for impairment, of the various loans given to, receivables from, and investments in, group companies. All group companies in India have been classified as "Red", "Amber" or "Green" categories, based on 12 months solvency test.</p> <p>Management has, in consultation with the Board of Directors of the Company, assessed and determined that the amounts of investments in and loans to group entities classified as "Red" and "Amber" are not wholly recoverable. Management's approach in this regard does not consider the requirements of the relevant Ind-AS standards in entirety as the Company does not presently have the necessary and/or complete information to support cash flow</p>

Sr No.	Qualifications	Responses to Audit Qualifications / observations
	investments, and assumptions for certain aspects of the expected credit loss model in respect of loans receivables, and other financial assets and accordingly, management has recorded full provision for the balances indicated in that note, which does not consider the requirements of the relevant Ind-AS standards in entirety	based tests over its investments, and assumptions for certain aspects of the expected credit loss model in respect of loans and receivables. On this basis, impairment has been recognised in respect of the balance of loans, receivables, investments and other financial assets, aggregating Rs 47,987.34 million, Rs 798.21 million, Rs 2,528.30 million and Rs 4,051.96 million respectively, and recorded net loss on fair value changes of Rs 2,837.64 million on financial assets measured at fair value though profit or loss, arising from transactions up to September 30, 2018, except in respect of certain entities where security is available, and management expects realization of those securities. In the view of the Company, the impairment provision made is prudent and represents the economic substance of the amounts recoverable as of March 31, 2019.
6.	Note 11 of the Standalone Ind AS Financial Statements which describes the reasons, the Company has not accounted for contractual interest income from its subsidiaries and associates (of Rs.3,543.24 million on a gross basis) and contractually payable finance costs on borrowings (of Rs.6,566.82 million, excluding penal / other interest and charges), for the period from October 16, 2018 to March 31, 2019. In our opinion, the Company may be required to account for such interest income and interest expenses, and the related assets and liabilities as at March 31, 2019 subject to accounting principles and legal position.	<p>In line with the affidavit filed by the Ministry of Corporate Affairs ("MCA") with the Hon'ble NCLAT on May 21, 2019, the cut-off date of October 15, 2018 ("Cut-Off Date") was proposed, on account of inter alia the fact that the Hon'ble NCLAT had passed the Order on October 15, 2018, which inter alia granted certain reliefs to the IL&FS group and also restricted certain coercive actions by the creditors of the IL&FS group.</p> <p>In terms of the Resolution Framework Reports, the proposal made is that all liabilities relating to the relevant IL&FS Group Entity, whether financial (including interest, default interest, indemnity claims and additional charges), operational debt (including interest, indemnity or other claims) as well as statutory claims (including tax, employment and labour related claims), whether existing at or relating to a period after October 15, 2018 (the Cut-Off Date, as explained in the previous paragraph) should not continue accruing. The NCLAT is yet to issue an order on this matter.</p> <p>Accordingly, management has:</p> <ol style="list-style-type: none"> Recognised interest income excluding penal interest and delayed payment interest for the year on loans made, to group companies only for the period up to October 15, 2018. No such income has been recognised for the period from October 16, 2018 to March 31, 2019, which approximates Rs 3,543.24 million on a gross basis. Recognised finance costs on borrowings (including from third

Sr No.	Qualifications	Responses to Audit Qualifications / observations
		<p>parties) for the year, only for the period up to October 15, 2018. No such finance costs has been recognised for the period from October 16, 2018 to March 31, 2019, which approximates Rs 6,566.82 million.</p> <p>c) The lenders have shown in the statements and documents sent by them the finance cost and interest charges for the period of 1st October 2018 to 31st March 2019 amount of Rs. 3879.41 million. The Company has not accepted these charges based on the legal advice.</p> <p>The amounts above are based on contractually agreed terms, and exclude penal / other interest and charges. Further, the above (a) and (b) are not applied to entities classified as "Green" category, ie, entities which are in a position to honour their respective financial and operational liabilities. The above basis of accounting is on the basis of the proposal made by IL&FS with NCLT.</p>
7.	Note 12 of the Standalone Ind AS Financial Statements which describes that pending completion of audit of financial statements of various subsidiaries and associates as at and for the year ended March 31,2019, and/or the related completion of the inter-company balances reconciliation process, we are unable to comment on the adjustments that may be required and any consequential effects on the Standalone Ind AS Financial Statements	The Company is in the process of performing and completing the confirmation and reconciliation of inter-company balances with various subsidiaries, associates, joint ventures of the IL&FS Group. Further, audited financial statements of several subsidiaries and associates of the IL&FS Group for the year ended March 31, 2019, are not available. Pending completion of such reconciliation and confirmation, the management has not made any adjustments that may be required to these financial statements.
8.	<p>We have not received sufficient and appropriate audit evidence as follows:</p> <p>a) Unreconciled differences in bank reconciliation statements/other borrowings including direct debits by banks aggregating Rs.3,879.41 million, which in management's view is primarily arising out of claims for penal interest, which are being disputed by the Company in the process of being reconciled by the Company - Refer Note 11 (c) of Standalone Ind AS financial statements.</p> <p>b) We have sent independent balance confirmation to certain parties for loans and receivables and other payables selected on sample basis. We have not received responses to our request for such loans and receivables of Rs.26,833.18 million (gross), and other</p>	The Company has done extensive follow up and will continue its efforts to get the requisite documents and confirmations. Also, the Company has written letters protesting any unilateral adjustments pending final outcome of resolution and claim management process. Further, under Claim management process, these parties have already filed their claims and accordingly, there is indirect acknowledgement available with the company.

Sr No.	Qualifications	Responses to Audit Qualifications / observations
	<p>payables of Rs.12.22 million.</p> <p>In the absence of sufficient and appropriate evidence in relation to the unconfirmed balances and in view of proposed restatement of prior years, we are unable to determine whether any adjustments are required to the said balances as on March 31, 2019 and related disclosures in these Standalone Ind AS Financial Statements.</p>	
9.	<p>Note 14 of the Standalone Ind AS Financial Statements which describes that the Company is not in compliance with certain requirements/provisions of applicable laws and regulations as more fully discussed in that note. Pending final determination by management of the financial and other consequences arising from such non-compliances, no adjustments have been made to the Standalone Ind AS Financial Statements</p>	<p>The Company is not in compliance with certain provisions / requirements of applicable laws and regulations. These include certain requirements of Companies Act, 2013, listing agreement entered into with the stock exchange, and certain regulations of the Reserve Bank of India as applicable to the Company.</p> <p>Where the management has identified any non-compliance subsequent to September 30, 2018, these have been reported or are in the process of being reported to the relevant regulator, and the Company intends to comply with the necessary requirements or further directions at the earliest.</p> <p>The Management is in the process of evaluating the financial and other consequences arising from such non-compliance and of making a comprehensive assessment of other non-compliances, to determine their financial, operating or other consequences.</p>
10.	<p>The Company does not have information for certain disclosures including, but not limited to, those required by Schedule III of the Companies Act, 2013 ("the Act"), Ind AS, and certain regulations of the Reserve Bank of India and related rules, as and for the reasons mentioned in Note 13 and Note 2 to the accompanying Standalone Ind AS financial statements</p>	<p>The Company has substantially curtailed its normal business operations, and is currently engaged in the various actions described more fully in the note. It is not practically possible for management to obtain the necessary information required for making (i) certain disclosures required by the financial reporting framework applicable to the Company including, but not limited to, certain requirements of Schedule III to the Companies Act, Ind-AS, and certain requirements of the RBI Act and Master Directions; and / or (ii) disclosures of corresponding figures for certain items where current year figures have been disclosed.</p>
11.	<p>Note 16 of the Standalone Ind AS Financial Statements which describes that there are ongoing investigations by various regulatory authorities and agencies on the Company.</p>	<p>The MCA, Government of India, has vide its letter dated October 1, 2018 initiated investigation by the SFIO against IL&FS and its group companies under Section 212 (1) of the Companies Act, 2013. As a part of its investigation, SFIO has been seeking information from the Company on an ongoing basis. The investigation is in progress and the Company is fully cooperating with the investigating agencies. Further, various other regulatory and law enforcement agencies including the Enforcement Directorate (ED) have initiated investigations against the Company.</p> <p>SFIO and Enforcement Directorate have served their reports to the company. The implications if any, arising from aforesaid</p>

Sr No.	Qualifications	Responses to Audit Qualifications / observations
		developments would be known only after the aforesaid matters are concluded and hence are not determinable at this stage.
12.	<p>Material Uncertainty Related to Going Concern</p> <p>Note 17 of the Standalone Ind AS Financial Statements which describes that the Company has incurred a loss (including other comprehensive income) of Rs.1,32,767.05 million for the year ended March 31, 2019 and has net liabilities of Rs.1,66,357.28 million as at March 31, 2019. The Company has also suffered consistent downgrades in its credit ratings since September 2018, as a result of which the Company's ability to raise funds has been substantially impaired, with normal business operations being substantially curtailed. Further, the Company has breached its conditions for holding a Certificate of Registration as a Non-Banking Finance Company (NBFC), issued by the Reserve Bank of India. These conditions, along with other matters set forth in that Note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a Going Concern and accordingly, we are unable to comment on whether the Company will be able to continue as Going Concern.</p>	<p>The Company and the IL&FS group in general are undergoing substantial financial stress as at March 31, 2019. there has been a resolution process run by the IL&FS Board of Directors. The resolution plan seeks a transparent resolution keeping in mind larger public interest, financial stability, legality, various stakeholders' interest and commercial feasibility. The resolution plan of management includes sale of entities / assets wherever possible and the Company is taking active steps to monetize its assets and is in discussions with multiple parties to sell its assets. The Company is committed to taking necessary steps to meet its financial commitments to the extent possible..</p> <p>During the year, IL&FS has also engaged an independent third party as resolution advisors, to assess the liquidity at the company and at various group companies in India. As a result, the companies in the IL&FS group have been classified into three categories as more fully discussed and disclosed in the financial statements. These classifications reflect the ability of the companies to pay their financial and operations creditors from their operations in normal course of business, and are subject to periodic assessment and review by the management and the Board and with the results being submitted to the National Company Law Tribunal, the last of which have been submitted on August 9, 2019.</p> <p>The ability of the Company to continue as a going concern is predicated upon its ability to monetize its assets, and restructure / settle its liabilities. In view of actions that are currently underway, the accompanying financial statements have been prepared on going concern basis based on cumulative impact of certain steps taken by the New Board of IL&FS.</p>

(b) Secretarial Audit Report for FY 2018 -19:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. P. Diwan & Associates, Company Secretaries were appointed to conduct Secretarial Audit for the FY 2018-19. The Secretarial Audit Report for the Financial Year ended March 31, 2019 is annexed as **Annexure A.1**

The qualifications / observations of the Secretarial Auditor and the responses of the Company are annexed as **Annexure A.2**

ANNUAL GENERAL MEETING (AGM):

In consideration of the current state of affairs and challenges being faced by the Company, the Ministry of Corporate Affairs (MCA) has granted extension of time for convening of AGM upto December 31, 2019

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013

(I) A Brief Outline of the Company's CSR Policy:

The CSR Policy of the Company was approved by the erstwhile Board at its Meeting held on July 25, 2014. The CSR Policy was effective from April 1, 2014. The Policy aims at inter-alia nurturing socio-economic development schemes for capacity building through skill training, livelihood creation, quality education, and health care

The CSR Policy of the Company and a copy of the Annual CSR Report for FY 2018-19 has been uploaded on the web-site of the Company:
<http://www.ilsifin.com/corporate-social-responsibility.aspx>

(II) The Composition of the CSR Committee :

For the period April 2018 to September 2018 the CSR Committee comprised of Ms Shubhalakshmi Panse, Mr Surinder Singh Kohli, Mr Hari Sankaran, Mr Ramesh Bawa

Currently, the CSR Committee comprises of Mr Vineet Nayyar, Mr N Srinivasan and Dr Malini Shankar

(III) Average Net Profit of the Company for the last three Financial Years:

Average net profit of the Company for last three financial years for the purpose of computation of CSR is ₹ 3,096.63 mn

(IV) Prescribed CSR Expenditure:

Prescribed CSR Expenditure for FY 2018-19 was ₹ 74 mn (including unspent ₹ 12.10 mn of FY 2018): however, 2% of the average net profit of the last three immediately preceding financial years was ₹ 61.93 mn (2% of ₹ 3,096.63 mn)

(V) Details of CSR Spent During the Financial year:

- (1) Total amount to be spent for the financial year: ₹ 74 mn, as above
- (2) Amount unspent, if any: ₹ 74 mn
- (3) Manner in which the amount spent: Not Applicable

(VI) Reasons for Shortfall in CSR Spend:

Since the Company has been categorised as Red entity under the resolution framework it is not in a position to meet its obligation towards Corporate Social Responsibility activities during the financial year

(VII) Responsibility Statement as required to be disclosed in Directors Report:

The Board of the Company takes on record that no amount has been spent by the erstwhile management of the Company during the FY 2018-19

RELATED PARTY TRANSACTIONS:

It should be noted that the nature of related party transactions undertaken during the year, prior to October 01, 2018 under the erstwhile management, are under review as part of various internal and external investigations that have been initiated. Therefore, pending such investigations, the Company is unable to confirm the completeness of the related party transactions and whether some of these were undertaken at an arm's length basis and/or in the ordinary course of business. Hence, disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 for the period prior to October 01, 2018, have not been included for the year under review. In view of the above, the Company is unable to provide the disclosures in Form AOC-2.

The erstwhile Management had formulated a Policy for Related Party Transactions (RPT), which was reviewed and recommended by the then Audit Committee and approved by the erstwhile Board. The RPT Policy is available on the website of the Company: <https://www.ilfsindia.com/investors/>

EXTRACT OF ANNUAL RETURN:

The extract of the Annual Return as prescribed under Section 92(3) of the Act and the Companies (Management and Administration) Rules, 2014, in the prescribed form No MGT-9 is annexed as **Annexure B** and is also available on the Company's website: <http://www.ilfsfin.com/>

SECRETARIAL STANDARDS:

The Secretarial Standards as applicable to the Company were complied to the extent possible, as the Company has been facing various challenges and constraints during the period under review

MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

Pursuant to defaults in obligations in terms of servicing its debts, the credit rating of the Company has been downgraded to “D” rating during the year, and consequent to loss incurred during the year, the networth of the Company has been substantially eroded. The Company has prepared its financial statements on a going concern basis based on its plans for resolution discussed above.

DETAILS OF SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

Enclosed as **Annexure C**

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The disclosures referred under sub-section 4 of Section 186 of the Companies Act, 2013 are not applicable to the Company, as it being a Non-Banking Financial Company

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197 (12) OF THE ACT, READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

The details as prescribed under section 197 (12) of the Act, read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 , for the year ended March 31, 2019, is annexed as **Annexure D**

The details required under Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2019, are provided in a separate Annexure forming part of this Report. In terms of section 136 of the Act, the Report and Accounts are being sent to the Members, excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary at the registered office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars required to be furnished under Section 134 read with Companies (Accounts) Rules, 2014 are as under:

- (1) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company
- (2) The particulars as regards foreign exchange earnings and outgo appear as Item No 43.3 in the notes to the accounts forming part of financial statements of the Company

REMUNERATION POLICY:

The erstwhile Management of the Company had adopted “Managerial Remuneration Policy” and defined a Selection Criteria for appointment of Directors, qualification, positive attributes, independence of the Directors including remuneration payable and other matters as prescribed under the Companies Act, 2013. The Managerial Remuneration Policy and Selection Criteria for Directors is available on the website of the Company: <http://www.ilfsifin.com/pdf/IFIN-Remuneration-Policy.pdf>

VIGIL MECHANISM AND WHISTLE-BLOWER POLICY:

Pursuant to Section 177 of the Companies Act, 2013, the Company has established a vigil mechanism for Directors and Employees to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company’s Code of Conduct

The said mechanism covers the Whistle Blower Policy and provides for adequate safeguards against victimization of persons who use such mechanism. It also provides direct access to the Chairman of the Audit Committee. The Whistle Blower Policy is available on the Company’s website: <http://ilfsifin.com/>

CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING:

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted the Code of Conduct for Prohibition of Insider Trading. All the Directors and Employees of the Company are governed by this Code. During the year under review there has been due compliance with the said Code

ANNEXURES:

- (1) Secretarial Audit Report – Annexure A.1
- (2) Qualifications / observations of the Secretarial Auditor – Annexure A.2
- (3) Extract of Annual Return – Annexure B
- (4) Details of Significant Material Orders – Annexure C
- (5) Details Pertaining to Remuneration as Required Under Section 197 (12) Of the Act – Annexure D

ACKNOWLEDGEMENTS:

Your Directors thank various stakeholders such as the Central and State Governments, Ministry of Corporate Affairs, Ministry of Commerce, Reserve Bank of India, Securities and Exchange Board of India, Banks, Financial Institutions, Customers, Employees and Consultants for the support extended by them and look forward to receiving their continued support

For and on behalf of the Board of Directors

Sd/-

C S Rajan
Director
(DIN No – 00126063)

Sd/-

N Srinivasan
Director
(DIN No – 00123338)

Sd/-

Malini Shankar
Director
(DIN No – 01602529)

Sd/-

Nand Kishore
Director
(DIN No – 08267502)

Date : December 27, 2019

Place : Mumbai

SECRETARIAL AUDIT REPORT**Form No. MR-3****FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
IL&FS Financial Services Limited
IL&FS Financial Centre, Plot
No, C-22 G Block Bandra
Kurla Complex, Bandra (East)
Mumbai – 400 051

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IL&FS Financial Services Limited** having CIN: U65990MH1995PLC093241 (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

All the Directors of the Company resigned from the Board by 21.09.2018, except Mr. Arun Saha and Mr. Hari Sankaran. Thereafter, Hon’ble National Company Law Tribunal (“NCLT”), Mumbai Bench, vide its order dated 01.10.2018 suspended the Board of Directors of Infrastructure Leasing & Financial Services Limited (IL&FS), the holding Company on the grounds of mismanagement and compromise in corporate governance norms & risk management and the affairs being conducted in a manner prejudicial to the public interest. The new persons were appointed as Directors of IL&FS in terms of provisions of Section 242(2) (k) of the Act, to manage the affairs of the IL&FS and Group Companies and subsequently Mr. Arun Saha and Mr. Hari Sankaran ceased to be the Directors of the Company w.e.f. 01.10.2018. The new Directors of IL&FS were authorised to replace / appoint / nominate Directors of its subsidiaries. On 26.10.2018 the new Directors of IL&FS nominated Directors on the Board of IL&FS Financial Services Limited.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Registrar to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (d) The Securities and Exchange Board of India (Underwriters) Regulations, 1993.
- (iv) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016 and other relevant guidelines and circulars issued by the Reserve Bank of India from time to time.

As per the representations made by the management and relied upon by us, during the period under review, provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company:-

- (i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
 - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India under the Companies Act, 2013.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable except following:

The Composition of Board of Directors of the Company was not as per Section 149(1)(a) of the Companies Act 2013 and Article of Associate of the Company for the period from 21st September, 2018 to 25th October, 2018.

- (1) The Composition of Audit Committee of the Company was not as per Section 177 of the Companies Act 2013 a for the period from 21st September, 2018 to 25th October, 2018.
- (2) The Composition of Nomination and Remuneration Committee of the Company was not as per Section 178 of the Companies Act 2013 for the period from 21st September, 2018 to 25th October, 2018.
- (3) The Company has not filed following with Stock Exchange within prescribed time:
 - (i) Compliance Certificate for half year ended March 2019 as required under Regulation 7(3) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (ii) Reconciliation of Share Capital Audit report for Quarter ended March, 2019 as required under The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (4) The Company has not filed following with Stock Exchange as applicable:
 - (i) Unaudited Financial Results for the half year ended 30.09.2018 and 31.03.2019 as required under Regulation 52 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has sought extension of time from SEBI for compliance of LODR regulation related to submission and publication of Financial Results.
 - (ii) Assets Cover Certificate as required under Regulation 54(2) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (5) The assets cover ratio is below the prescribed limit as stipulated by RBI.

- (6) As per the representation made by the management, the Company has not satisfied the following conditions as prescribed under Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016 as
- (i) The Company is unable to maintained minimum capital ratio of Tier I and Tier II capital in view of the loss incurred by the Company in the current financial year.
 - (ii) The Company is unable to maintained a Loan to Value (LTV) ratio of 50% for loans granted against the collateral of shares;
 - (iii) The Company has breached the single borrower norms and exposure to single group of entities. Similarly, it has also breached the limits upto which it can invest in a single party or to a single group of parties as the Net Owned Fund(NOF) has turned negative.

We further report that:

The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors upto 20.09.2018 thereafter several Directors except Mr. Arun Saha and Mr. Hari Sankaran resigned from the Board and only two Directors remained on the Board of Directors of the Company which is in violation of Section 149 and Article of Association of the Company. Further, Hon'ble National Company Law Tribunal ("NCLT"), Mumbai Bench, vide its order dated 01.10.2018 suspended the Board of Directors of Infrastructure Leasing & Financial Services Limited (IL&FS), the holding Company. The new persons were appointed as Directors of IL&FS in terms of provisions of Section 242(2) (k) of the Act, to manage the affairs of the IL&FS and Group Companies and subsequently Mr. Arun Saha and Mr. Hari Sankaran ceased to be the Directors of the Company w.e.f. 01.10.2018. The said new Directors of IL&FS were authorised to replace / appoint Directors of subsidiaries. On 26.10.2018 the said new Directors of IL&FS nominated Directors on the Board of IL&FS Financial Services Limited. Further, the said new Directors of the Company were appointed as Nominee Directors and hence there were no Independent Directors in the Company after 26.10.2018 however, the NCLT vide its order dated 26.04.2019 granted dispensation regarding the appointment of Independent Directors.

Adequate notice is generally given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

In reference to the compliances of Secretarial Standards 1 & 2 the management has given the following representation:-

"Inconsideration of exigencies of the matters the Board meetings were accordingly conducted. The compliance with applicable Secretarial Standards has been met more in spirit than as a process. Accordingly the compliance to Secretarial Standards has been followed on a best efforts basis."

Majority decision is carried through and as informed, there were no dissenting members' views and hence not recorded as part of the minutes.

We further report that as per the representations made by the management and relied upon by us, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines to the best of its efforts in view of the extraordinary situation faced by the Company as mentioned in this report during the period under review.

As per the representations made by the management and relied upon by us, We further report that during the audit period, the specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs are detailed in "Annexure A".

For P. DIWAN & ASSOCIATES

PRASHANT DIWAN PARTNER
FCS: 1403 CP: 1979

Date:

Place: Mumbai

PR No: 619/2019 UDIN:

This report is to be read with our letter of even date which is annexed as "Annexure B" and forms an integral part of this report.

List of Specific Events / Actions having a major bearing on the Company's affairs

- (1) The Company has issued and allotted of 35,00,000 Debentures on Private Placement.
- (2) The Company was unable to service its obligations from September, 2018 in respect of the Commercial Papers, Principal and Interest with respect to loans from Banks, Principal and Interest with respect to Inter Corporate Deposit, Line of Credit, Letter of Credit, Principal and Interest of loan facility, Interest payment of Non Convertible Debentures, Principal and Interest with respect to Deposits etc.
- (3) The credit rating of the debt instruments/facilities of Company has been downgraded.
- (4) Pursuant to Reserve Bank Commercial Paper Directions, 2017; the Company was not allowed to access Commercial Paper market up to six months from the date of repayment of its obligations on Commercial Paper.
- (5) The Serious Fraud Investigation Office, Ministry of Corporate Affairs, New Delhi has initiated investigation into the affairs of the Company under section 212 (1) of the Companies Act, 2013.
- (6) Several Directors except Mr. Arun Saha and Mr. Hari Sankaran resigned from the Board upto 25.09.2018. Hon'ble National Company Law Tribunal (“NCLT”), Mumbai Bench, vide its order dated 01.10.2018 suspended the Board of Directors of Infrastructure Leasing & Financial Services Limited (IL&FS), the holding Company which resulted in cessation of Mr. Arun Saha and Mr. Hari Sankaran as the Directors of the Company.
- (7) Infrastructure Leasing & Financial Services Limited (IL&FS), the holding Company has, nominated the following Directors on the Board of the Company:
 - (a) Mr. Vineet Nayyar (As the Chairman)
 - (b) Mr. Nand Kishore
 - (c) Dr. Malini Shankar
 - (d) Mr. C S Rajan
 - (e) Mr. Natarajan Srinivasan
 - (f) Mr. Bijay Kumar
- (8) Pursuant to Order passed by the National Company Law Appellate Tribunal (“NCLAT”) on October 15, 2018, all actions or proceedings by creditors against the Company and its Group Companies have been restricted until further orders.
- (9) The Union of India filed an Application under Section 241 and 242 of Companies Act, 2013 on October 1, 2018. Vide order dated December 3, 2018 by Hon'ble National Company Law Tribunal, Mumbai Bench (“NCLT”), IFIN has been impleaded in the application as a respondent.

In the above matter, the National Company Law Appellate Tribunal ("NCLAT"), vide its interim order dated October 15, 2018, has granted a moratorium on all creditor actions against IL&FS as well as all of its group companies (including IFIN). The moratorium is effective and continues till further orders.

The Union of India (acting through the Ministry of Corporate Affairs) has filed an application before the National Company Law Tribunal (Mumbai) ("NCLT") under Section 130(1) of the Companies Act, 2013, seeking permission to: (i) re-open the books of accounts and re-cast the financial statements of Infrastructure Leasing and Financial Services Limited, IL&FS Financial Services Limited and IL&FS Transport Networks Limited ("Respondents"), for the previous five (5) financial years; and (ii) appoint chartered accountants to recast the accounts/financial statements for the said periods.

NCLT vide its Order dated December 21, 2018 has directed the Central Government to serve notice on Income Tax Authority, SEBI, any other concerned statutory / regulatory bodies and any other person concerned, and file affidavit of service in this respect.

Thereafter NCLT vide its order dated January 01, 2019 has permitted reopening and recasting of the accounts of the Respondents for the past 5 financial years, under Section 130(1)(ii) of the Companies Act, 2013, by a Chartered Accountant (as per the name to be submitted by the Central Government).

- (10) BSR & Associates LLP, Chartered Accountants resigned as the Statutory Auditors of the Company with effect from 19th June, 2019.
- (11) M/s. Mukund M Chitale & Co, Chartered Accountants, Mumbai (Registration No.: 106655W) was appointed as the Statutory Auditors of the Company vide NCLT Order dated 18th October, 2019 subsequent to resignation of M/s. BSR & Associates LLP the previous Statutory Auditors of the Company.
- (12) The Company has terminated the services of Mr Deepak Pareek, CFO of the Company with effect from 30th August, 2019.
- (13) The Company had made an application to The Registrar of Companies, Maharashtra, Mumbai requesting for an extension of time for the purpose of holding Annual General Meeting (AGM) for the financial year ended 31.03.2019. The said application was approved by The Registrar of Companies, Maharashtra, Mumbai and the extension to hold AGM was granted up to 31st December, 2019.

For P. DIWAN & ASSOCIATES

PRASHANT DIWAN PARTNER
FCS: 1403 CP: 1979

Date:
Place: Mumbai
PR No: 619/2019 UDIN:

To
The Members
IL&FS FINANCIAL SERVICES LIMITED
IL & FS Financial Centre,
Plot No C-22 G Block
Bandra Kurla Complex,
Bandra (East)
Mumbai – 400 051

Our report of even date is to be read along with this letter.

- (1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- (2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- (3) We have not verified the correctness and appropriateness of financial records and books of Accounts of the company.
- (4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- (5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For P. DIWAN & ASSOCIATES

PRASHANT DIWAN PARTNER
FCS: 1403 CP: 1979

Date:
Place: Mumbai
PR No: 619/2019 UDIN:

The Management Representation on the qualifications / observations of Secretarial Auditor pertaining to the year ended March 31, 2019 are as under:

Sr No	Qualifications	Responses to Audit Qualifications / Observations
1	The Composition of Board of Directors of the Company was not as per Section 149(1) (a) of the Companies Act 2013 and Article of Associate of the Company for the period from September 21, 2018 to October 25, 2018	The majority of Directors of the erstwhile Board resigned by September 21, 2018. The remaining Directors were suspended by the Hon'ble NCLT vide its order dated October 1, 2018. Therefore, the Company could not meet the requirements as per section 149 (1) (a) of the Companies Act, 2013 and Articles of Association of the Company
2	The Composition of Audit Committee of the Company was not as per Section 177 of the Companies Act 2013 for the period from 21st September, 2018 to 25th October, 2018	The majority of Directors of the erstwhile Board resigned by September 21, 2018. The remaining Directors were suspended by the Hon'ble NCLT vide its order dated October 1, 2018. Therefore, the Company could not meet the requirements as per section 177 of the Companies Act, 2013
3	The Composition of Nomination and Remuneration Committee of the Company was not as per Section 178 of the Companies Act 2013 for the period from 21st September, 2018 to 25th October, 2018	The majority of Directors of the erstwhile Board resigned by September 21, 2018. The remaining Directors were suspended by the Hon'ble NCLT vide its order dated October 1, 2018. Therefore, the Company could not meet the requirements as per section 178 of the Companies Act, 2013
4	<p>The Company has not filed following with Stock Exchange within prescribed time:</p> <ul style="list-style-type: none"> • Compliance Certificate for half year ended March 2019 as required under Regulation 7(3) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. • Reconciliation of Share Capital Audit report for Quarter ended March, 2019 as required under The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; 	Due to the unforeseen situation, turnover of key employees and various operational challenges, there was delay in filing the Compliance Certificate and Reconciliation of Share Capital Audit report for Quarter ended March 2019

Sr No	Qualifications	Responses to Audit Qualifications / Observations
5	<p>The Company has not filed following with Stock Exchange as applicable:</p> <ul style="list-style-type: none"> • Unaudited Financial Results for the half year ended 30.09.2018 and 31.03.2019 as required under Regulation 52 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has sought extension of time from SEBI for compliance of LODR regulation related to submission and publication of Financial Results. • Assets Cover Certificate as required under Regulation 54(2) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. 	<p>During the financial year 2018-19, the Company has undergone various operational constraints and challenges, like</p> <ul style="list-style-type: none"> • Re-constitution of the Board of the Company • Re-opening of books of accounts and re-casting of the financial statements • Resignation of the Statutory Auditor • Transition from IGAAP to IND AS for preparation of Financials • Investigation by Serious Fraud Investigating office (SFIO) • A special audit conducted by the Grant Thornton <p>Thus, the Company was not in a position to submit its financial statement/results as the preparation of financial statement/results requires management to make various estimates and representation</p>
6	<p>The assets cover ratio is below the prescribed limit as stipulated by RBI.</p>	<p>Owing to ECL provisions and Impairment on Investments, our Asset cover has drastically come down and is now below the prescribed limit stipulated by RBI.</p>
7	<p>As per the representation made by the management, the Company has not satisfied the following conditions as prescribed under Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016 as</p> <p>(i) The Company is unable to maintained minimum capital ratio of Tier I and Tier II capital in view of the loss incurred by the Company in the current financial year.</p> <p>(ii) the Company is unable to maintained a Loan to Value (LTV) ratio of 50% for loans granted against the collateral of shares;</p> <p>(iii) The Company has breached the single borrower norms and exposure to single group of entities. Similarly, it has also breached the limits upto which it can invest in a single party or to a single group of parties as the Net Owned Fund(NOF) has turned negative</p>	<p>Owing to the significant loss incurred by the Company in the financial year ended 31st March, 2019, the Company is not being able to maintain minimum Capital ratio of Tier 1 and Tier II capital. The Company is also in break of the single borrower norms and exposure to Single group of entities. It is also in breach of the amount it can invest in a single party or to a single group of parties as the NOF is negative.</p>

EXTRACT OF ANNUAL RETURN -FORM MGT – 9

As on the financial year ended on March 31, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

(I) Registration and Other Details:

CIN	U65990MH1995PLC093241
Registration Date	September 29, 1995
Name of the Company	IL&FS Financial Services Limited
Category / Sub-Category of the Company	Company Limited by Shares
Address of the Registered Office and contact details	The IL&FS Financial Centre, Plot C – 22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 Tel: 022 26593333 Fax: 022 26593149 Website: http://ilfsifin.com/
Whether listed company	Yes, The Non-Convertible Debentures and Non-Convertible Redeemable Cumulative Preference Shares of the Company are listed with Bombay Stock Exchange Limited
Name, address and contact details of Registrar and Transfer Agent, if any	Link Intime (India) Private Limited C - 101, 247 Park, LBS Marg Vikhroli (West) Mumbai 400 083 Tel : 022-4918600 Fax : 022 49186060

(II) Principal Business Activities of the Company:

All the Business Activities contributing 10% or more of the total turnover of the Company is as stated below:

Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
Stand-by commitment and other loan services	99711353	78.55
Investment Banking Services	99712000	18.33

(III) Particulars of Holding, Subsidiary and Associate Companies:

Sr No	Name of the Company	CIN/GLN	Relation ship	% of shares held	Applicable Section
(1)	Infrastructure Leasing & Financial Services Limited	U65990MH1987P LC044571	Holding Company	100%	Section 2 (46)
(2)	IL&FS Capital Advisors Limited*	U65191MH2012P LC226314	Subsidiary Company	100%	Section 2 (87)
(3)	IL&FS Broking Services Private Limited*	U67120MH2009P TC191131	Subsidiary Company	100%	Section 2 (87)
(4)	IL&FS Global Financial Services Pte Ltd	NA	Subsidiary Company	100%	Section 2 (87)
(5)	IL&FS Global Financial Services (UK) Limited*	NA	Subsidiary Company	100%	Section 2 (87)
(6)	IL&FS Global Financial Services (ME) Limited*	NA	Subsidiary Company	100%	Section 2 (87)
(7)	IL&FS Global Financial Services (HK) Limited*	NA	Subsidiary Company	100%	Section 2 (87)
(8)	Syniverse Technologies (India) Private Limited	U72300HR2008 PTC038097	Associate Company	26%	Section 2(6)
(9)	IL&FS Engineering and Construction Company Limited	L45201AP1988P LC008624	Associate Company	21.29%	Section 2(6)

*The Company is under Voluntary Liquidation

(IV) SHAREHOLDING PATTERN:

(a) Category-wise Shareholding:

(i) Equity Share Capital Breakup as % of the total Equity

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
(a) Individual / HUF	--	700	700	--	--	700	700	--	NIL
(b) Central Govt.	--	--	--	--	--	--	--	--	--
(c) State Govt.(s)	--	--	--	--	--	--	--	--	--
(d) Bodies Corporate	26,56,66,855	--	26,56,66,855	100	26,56,66,855	--	26,56,66,855	100	NIL
(e) Banks / FI	--	--	--	--	--	--	--	--	--
(f) Any Other	--	--	--	--	--	--	--	--	--
Sub-Total (A)(1):	26,56,66,855	700	26,56,67,555	100	26,56,66,855	700	26,56,67,555	100	NIL
(2) Foreign									
(a) NRIs – Individuals									
(b) Other –Individuals									
(c) Bodies Corporate				NIL					
(d) Banks / FI									
(e) Any Other...									
Sub-Total (A)(2):									
Total Shareholding of Promoters (A) = (A)(1) + (A)(2)	26,56,66,855	700	26,56,67,555	100	26,56,66,855	700	26,56,67,555	100	NIL

(B) Public Shareholding

(1) Institutions									
(a) Mutual Funds / UTI									
(b) Banks / FI									
(c) Central Govt.									
(d) State Govt.(s)									
(e) Venture Capital Funds									
(f) Insurance Companies									
(g) FIIs									
(h) Foreign Venture Capital Funds									
(i) Others (specify)									
Sub-Total (B)(1):									
(2) Non-Institutions									
(a) Bodies Corporate									
(i) Indian									
(ii) Overseas									
(b) Individuals									
Individual Shareholders holding nominal share capital upto ₹ 1 lakh									
Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh									
(c) Others (specify)					Nil				
(i) Shares held by Pakistani citizens vested with the Custodian of Enemy Property									
(ii) Other Foreign Nationals									
(iii) Foreign Bodies									
(iv) NRI / OCBs									
(v) Clearing Members / House									
(vi) Trusts									
(vii) LLP									
(viii) Foreign Portfolio Investor (Corporate)									
(ix) Qualified Foreign Investor									
Sub-Total (B)(2):									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	26,56,66,855	700	26,56,67,555	100	26,56,66,855	700	26,56,67,555	100	NIL

(ii) Preference Share Capital Breakup as % of the total Preference Capital

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
(a) Individual / HUF									
(b) Central Govt.									
(c) State Govt.(s)									
(d) Bodies Corporate									
(e) Banks / FI									
(f) Any Other									
Sub-Total (A)(1):					NIL				
(2) Foreign									
(a) NRIs – Individuals									
(b) Other – Individuals									
(c) Bodies Corporate									
(d) Banks / FI									
(e) Any Other...									
Sub-Total (A)(2):									
Total Shareholding of Promoters (A) = (A)(1) + (A)(2)									

Category of Shareholder	No of Shares held at the beginning of the year				No of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds / UTI	---	---	---	---	---	---	---	---	---
(b) Banks / FI	---	---	---	---	---	---	---	---	---
(c) Central Govt.	---	---	---	---	---	---	---	---	---
(d) State Govt.(s)	---	---	---	---	---	---	---	---	---
(e) Venture Capital Funds	---	---	---	---	---	---	---	---	---
(f) Insurance Companies	---	---	---	---	---	---	---	---	---
(g) FIIs	---	---	---	---	---	---	---	---	---
(h) Foreign Venture Capital Funds	---	---	---	---	---	---	---	---	---
(i) Others (specify)	---	---	---	---	---	---	---	---	---
Sub-Total (B)(1):	---	---	---	---	---	---	---	---	---
(2) Non-Institutions									
(a) Bodies Corporate									
(i) Indian	62,473	---	62,473	37.48%	66,434	---	66,434	39.86%	2.38%
(ii) Overseas	---	---	---	---	---	---	---	---	---
(b) Individuals									
Individual Shareholders holding nominal share capital upto ₹ 1 lakh	251	---	251	0.15%	274	---	274	0.16%	0.01%
Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	98,622	---	98,622	59.17%	93,873	---	93,873	56.32%	(2.85)%
(c) Others (specify)									
(i) Shares held by Pakistani citizens vested with the Custodian of Enemy Property	---	---	---	---	---	---	---	---	---
(ii) Other Foreign Nationals	---	---	---	---	---	---	---	---	---
(iii) Foreign Bodies	---	---	---	---	---	---	---	---	---
(iv) NRI / OCBs	174	---	174	0.11%	380	---	380	0.23%	0.13%
(v) Clearing Members / House	---	---	---	---	---	---	---	---	---
(vi) Private Trusts / Partnership firm/ HUF	5,024	---	5,024	3.02%	5,433	---	5,433	3.27%	0.26%
(vii) LLP	122	---	122	0.07	272	---	272	0.16%	(0.09)%
(viii) Foreign Portfolio Investor (Corporate)	---	---	---	---	---	---	---	---	---
(ix) Qualified Foreign Investor	---	---	---	---	---	---	---	---	---
Sub-Total (B)(2):	1,66,666	---	1,66,666	100%	1,66,666	---	1,66,666	100%	---
Total Public Share-holding (B)=(B) (1)+ (B)(2)	1,66,666	---	1,66,666	100%	1,66,666	---	1,66,666	100%	---
C. Shares held by Custodian for GDRs & ADRs	---	---	---	---	---	---	---	---	---
Grand Total (A+B+C)	1,66,666	---	1,66,666	100%	1,66,666	---	1,66,666	100%	---

(b) Shareholding of Promoters

(i) Equity Share Capital

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
Infrastructure Leasing & Financial Services Limited (IL&FS)	265,666,855	100%	Nil	265,666,855	100%	Nil	Nil
IL&FS & Mr Ravi Parthasarathy	100	-	Nil	-	-	Nil	(100%)
IL&FS & Mr Vibhav Kapoor	100	-	Nil	100	-	Nil	Nil
IL&FS & Mr Manu Kochhar	100	-	Nil	-	-	Nil	(100%)
IL&FS & Mr Arun K Saha	100	-	Nil	100	-	Nil	Nil
IL&FS & Mr Hari Sankaran	100	-	Nil	100	-	Nil	NIL
IL&FS & Mr Maharudra Wagle	200	-	Nil	200	-	Nil	NIL
IL&FS & Mr Sushil Khandelwal	-	-	NA	100	-	Nil	100%
IL&FS & Ms Varsha Sawant	-	-	NA	100	-	Nil	100%
Total	265,667,555	100%	Nil	265,667,555	100%	Nil	Nil

(ii) Preference Share Capital

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
NIL							

(c) Change in Promoters' Shareholding

(i) Equity Share Capital

	Shareholding at the beginning of the year		Date	Reason	Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company			No. of Shares	% of total shares of the Company
IL&FS & Mr Ravi Parthasarathy						
At the beginning of the year	100	-	-	-	100	-
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	(100)	-	29/08/2018	Sale	(100)	-
At the end of the year	0	-	-	-	-	-
IL&FS & Mr Manu Kochhar						
At the beginning of the year	100	-	-	-	100	-
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	(100)	-	29/08/2018	Sale	(100)	-
At the end of the year	0	-	-	-	-	-

	Shareholding at the beginning of the year		Date	Reason	Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company			No. of Shares	% of total shares of the Company
IL&FS & Mr Sushil Khandelwal						
At the beginning of the year	-	-	-	-	-	-
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	100	-	29/08/2018	Purchase	100	-
At the end of the year	100	-	-	-	100	-
IL&FS & Ms Varsha Sawant						
At the beginning of the year	-	-	-	-	-	-
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	100	-	29/08/2018	Purchase	100	-
At the end of the year	100	-	-	-	100	-

(ii) Preference Share Capital

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	NOT APPLICABLE			
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):				
At the end of the year				

(d) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

(i) Equity Shareholders

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year		Changes during the year					Reason
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	Date	No. of shares before Change	No. of shares After Change	Increase	Decrease	
					NIL					

(ii) Preference Shareholders

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year / Cumulative Shareholding during the year		Changes during the year					Reason
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	Date	No. of shares before Change	No. of shares After Change	Increase	Decrease	
Shree Cement Ltd	33400	20.04%	33400	20.04%	-	-	-	-	-	-
Sanjeev Kumar Juneja	13333	8%	13333	8%	-	-	-	-	-	-
Vardhman Textiles Limited	6660	4%	6660	4%	-	-	-	-	-	-
Kishorekant Bhimji Sanghvi	5390	3.23%	5390	3.23%	-	-	-	-	-	-
Universal Medicare Pvt Ltd	5331	3.20%	5331	3.20%	-	-	-	-	-	-
Shahi Exports Private Limited	4667	2.80%	4667	2.80%	-	-	-	-	-	-
Citland Commercial Credits Ltd	3334	2%	3334	2%	-	-	-	-	-	-
Raghav Bahl	3333	2%	-	-	-	3333	-	-	(3333)	Sell
RB Diversified Private Limited	-	-	3333	2%	-	-	3333	3333	-	Buy
Umesh Kishorekant Sanghvi	2775	1.67%	2775	1.67%	-	-	-	-	-	-
Dinesh Vyas	2000	1.20%	2000	1.20%	-	-	-	-	-	-

(e) **Shareholding of Directors and Key Managerial Personnel**
 (i) **Equity Share Capital**

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr Ravi Parthasarathy*#				
At the beginning of the year	100	-	100	-
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	(100)	-	(100)	-
At the end of the year	-	-	-	-
Mr Hari Sankaran*##				
At the beginning of the year	100	-	100	-
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
At the end of the year	100	-	100	-
Mr Arun Saha*##				
At the beginning of the year	100	-	100	-
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	-	-	-	-
At the end of the year	100	-	100	-

*Shares are held as a Nominee of IL&FS (Holding Company)

Resigned with effect from July 21, 2018

Suspended with effect from October 01, 2018

(ii) Preference Share Capital

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	NIL			
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
At the end of the year				

(V) **INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in mn)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	1,18,800	57,533	-	1,76,334
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	1,809	810	-	2,620
Total (i+ii+iii)	1,20,610	58,344	-	1,78,953
Change in Indebtedness during the financial year				
Addition *	7,946	41,454	-	49,400
Reduction	4,749	62,303	-	67,051
Net Change	3,198	(20,848)	-	(17,651)
Indebtedness at the end of the financial year				
(i) Principal Amount	1,21,998	36,685	-	1,58,683
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	8,092	2,984	-	11,075
Total (i+ii+iii)	1,30,090	39,669	-	1,69,758

Note : Interest accrued but not due for the FY 18-19 is upto 15-Oct-2018

* Includes net changes in bank credit facility

(VI) REMUNERATION OF DIRECTOR AND KMP:

(A) Remuneration to Managing Director, Whole-time Directors and/or Manager:

(In ₹)					
Sr No	Particulars of Remuneration	Mr Ramesh C Bawa Managing Director & CEO*	Mr Rajesh Kotian Deputy Managing Director^	Mr Kaushik Modak CEO#	Total
(1)	Gross Salary				
	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	1,22,95,000	4,19,99,444	71,43,856	6,14,38,300
	Value of perquisites under Section 17(2) of the Income Tax Act, 1961	65,45,880	16,05,956	3,10,425	84,62,261
	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
(2)	Stock Options	-	-	-	-
(3)	Sweat Equity	-	-	-	-
(4)	Commission	-	-	-	-
	- as % of profit				
	- others, specify				
(5)	Others:				
	Deputation Charges	1,70,95,910	32,82,542	-	2,03,78,452
	Contribution to PF & Superannuation				
	Total	3,59,36,789	4,68,87,942	74,54,281	9,02,79,013
	Ceiling as per the Act			10.00%	

* Resigned with effect from September 21, 2018

^ Resigned with effect from July 03, 2018

Appointed with effect from October 26, 2018

(B) Remuneration to other Directors:

(1) Independent Directors:

(In ₹)						
Sr No	Particular of Remuneration	Mr Surinder Singh Kohli*	Ms Shubhalakshmi Panse*	Mr Uday Ved*	Ms Renu Challu*	Total
(1)	Fee for attending Board/ Committee Meetings	3,81,500	3,81,500	2,18,000	1,63,500	11,44,500
(2)	Commission					
(3)	Others, please specify					
	Total B1	3,81,500	3,81,500	2,18,000	1,63,500	11,44,500

* Date of Resignation:

Mr Surinder Singh Kohli – September 19, 2018

Ms Shubhalakshmi Panse – September 20, 2018

Mr Uday Ved – September 20, 2018

Ms Renu Challu – September 17, 2018

(2) Other Non-Executive Directors:

For the period from April 1, 2018 to September 30, 2018:

(In ₹)						
Sr No	Particular of Remuneration	Mr Ravi Parthasarathy	Mr Arun K Saha	Mr Vibhav Kapoor	Mr Hari Sankaran	Total
(1)	Fee for attending Board/Committee Meetings	76,300	2,83,400	1,63,500	3,37,900	8,61,100
(2)	Commission					
(3)	Others, please specify					
	Total B2	76,300	2,83,400	1,63,500	3,37,900	8,61,100
	Total (B1+B2)					20,05,600
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

For the period from October 1, 2018 to March 31, 2019:

(In ₹)

Sr No	Particular of Remuneration	Mr Nand Kishore	Mr C S Rajan	Ms Malini Shankar	Mr N Srinivasan	Total
(1)	Fee for attending Board/Committee Meetings	98,100	49,050	65,400	65,400	2,77,950
(2)	Commission					
(3)	Others, please specify					
	Total B3	98,100	49,050	65,400	65,400	2,77,950
	Total (B1+B2+B3)					22,83,550
	Total Managerial Remuneration					11,68,47,666
	Overall Ceiling as per the Act				11.00%	

(C) Remuneration To Key Managerial Personnel Other Than Managing Director/ Manager/ Whole Time Director

(In ₹)

Sr No	Particular of Remuneration	Company Secretary	Chief Financial Officer	Total
(1)	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	91,87,476	1,44,05,648	2,35,93,124
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	3,21,901	3,70,078	6,91,979
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
(2)	Stock Options	-	-	-
(3)	Sweat Equity	-	-	-
(4)	Commission	-	-	-
	- as % of profit			-
	- Others, specify....			-
(5)	Others (Contribution to PF & Superannuation)			
	Total	95,09,377	1,47,75,726	2,42,85,103

(VII) PENALTY/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	AUTHORITY [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTOR					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICER IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

Sd/-

C S Rajan
Director
(DIN No – 00126063)

Sd/-

Malini Shankar
Director
(DIN No – 01602529)

Sd/-

N Srinivasan
Director
(DIN No – 00123338)

Sd/-

Nand Kishore
Director
(DIN No – 08267502)

Date : December 27, 2019
Place : Mumbai

Annexure C

SUMMARY OF SIGNIFICANT ORDERS PASSED BY NCLAT/NCLT

Sr No	Parties / Case No.	Adjudicating Authority	Date of Order	Particulars
1	Union of India, Ministry of Corporate Affairs vs Infrastructure Leasing & Financial Services Limited ('IL&FS') and 10 Ors. (C.P. 3638/2018)	National Company Law Tribunal, Mumbai Bench	October 1, 2018 (read with orders dated October 3, 2018 and December 21, 2018)	<p>The Union of India, through Ministry of Company Affairs filed an application under Section 241(2) read with Section 242(2)(k) of the Companies Act, 2013 ("Act") against IL&FS, before the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT").</p> <p>The Hon'ble NCLT suspended the erstwhile Board of Directors of IL&FS and appointed a new Board of Directors ("New Board") for IL&FS. The order, <i>inter alia</i>, directed to take over the affairs of IL&FS immediately; conduct its business as per the Memorandum and Articles of Association of IL&FS and provisions of the Act; and submit a roadmap to the Hon'ble NCLT before October 31, 2018.</p> <p>It is pertinent that three more directors were appointed to the New Board of IL&FS <i>vide</i> orders dated October 3, 2018 and December 21, 2019.</p>
2	Union of India, Ministry of Corporate Affairs vs Infrastructure Leasing & Financial Services Limited ('IL&FS') and 10 Ors. (M.A. 1110 of 2018 in C.P. No. 3638 of 2018)	National Company Law Tribunal, Mumbai Bench	October 5, 2018	<p>The Hon'ble NCLT <i>inter alia</i></p> <ul style="list-style-type: none"> (i) directed that no action should be initiated against the New Board for the past actions and past wrongs of the suspended directors and officials of IL&FS without prior approval of the Hon'ble NCLT; and (ii) granted immunity to the directors on the New Board <i>inter alia</i> from disqualification/ disability under Section 164 and 167 of the Companies Act, 2013 that may arise out of the acts of the suspended directors of IL&FS.

Sr No	Parties / Case No.	Adjudicating Authority	Date of Order	Particulars
3	Union of India, Ministry of Corporate Affairs vs IL&FS and 10 Ors. (MA 1110 / 2018 in C.P. 3638 (MB)/2018)	National Company Law Tribunal, Mumbai Bench	October 9, 2018	The Hon'ble NCLT passed an order <i>inter alia</i> holding that: (a) actions of the New Board done in good faith, in the interests of IL&FS, various stakeholders including the public at large are protected; (b) which empowered the New Board to replace the directors on the subsidiaries, joint-ventures and associate companies of IL&FS as per existing provisions of the Memorandum and Articles of Association of IL&FS Group Company.
4	Union of India Vs IL&FS and Ors. (Company Appeal (AT) no. 346 of 2018) With IL&FS Vs Union of India (Company Appeal (AT) no. 347 of 2018)	National Company Law Appellate Tribunal, New Delhi	October 15, 2018	The Hon'ble National Company Law Appellate Tribunal ("NCLAT") granted interim stay on, amongst others, coercive creditor and other action against IL&FS and its group companies.
5	Union of India Vs IL&FS and 2 Ors. (CP 4506/2018)	National Company Law Tribunal, Mumbai Bench	January 1, 2019	The Hon'ble NCLT ordered the reopening and recasting of books of accounts of IL&FS and two other subsidiary companies of IL&FS <i>i.e.</i> , IFIN and ITNL for the past 5 financial years under Section 130(1)(ii) of the Act on the basis that there was mismanagement in the affairs of IL&FS and the two other entities. It is pertinent to note that this order was upheld on appeal before the Hon'ble NCLAT <i>vide</i> its order dated January 31, 2019 as well as the Hon'ble Supreme Court <i>vide</i> its judgment dated June 4, 2019.

Sr No	Parties / Case No.	Adjudicating Authority	Date of Order	Particulars
6	Union of India vs IL&FS and Ors. (Company Appeal (AT) no. 346 of 2018)	National Company Law Appellate Tribunal, New Delhi	February 11, 2019	<p>The Hon'ble NCLAT appointed (in accordance with this order and an order dated February 4, 2019) Justice (Retd.) D. K. Jain to supervise and oversee the resolution process of IL&FS and its group companies.</p> <p>The Hon'ble NCLAT recorded the names of 69 Indian IL&FS Group Entities which were classified into "Green", "Amber" and "Red" 'categories based on the 12 month cash flow based solvency test which was conducted by the Resolution Consultant, details of which were submitted to the NCLAT <i>vide</i> affidavit dated February 11, 2019. IFIN has been classified as a "Red" Entity.</p> <p>The Hon'ble NCLAT also excluded all offshore Entities of the IL&FS Group were excluded from the purview of the interim stay granted on coercive creditor and other action <i>vide</i> the order dated October 15, 2018 passed by the Hon'ble NCLT. However, it was clarified that the resolution for those Offshore Group Entities may be taken up by the New Board under the supervision of the Hon'ble Justice (Retd.) D.K. Jain.</p> <p>By this order, the Hon'ble NCLAT also permitted all "Green" Entities of the IL&FS Group to service their debt obligations as per scheduled repayment. It was further clarified that the resolution of such "Green" Entities should be within the 'Resolution Framework' which was placed before the Hon'ble NCLAT <i>vide</i> an affidavit dated January 25, 2019 filed by the UoI, and subject to the supervision of the Hon'ble Justice (Retd.) D.K. Jain.</p>

Sr No	Parties / Case No.	Adjudicating Authority	Date of Order	Particulars
7	Union of India, Ministry of Corporate Affairs Vs IL&FS and Ors. (MA 1576/2019, MA 1577/2019 and MA 1054/2019 in C.P. 3638/2019)	National Company Law Tribunal, Mumbai Bench	April 26, 2019	The Hon'ble NCLT dispensed with the requirement under the Act for the appointment of independent directors and women directors in various IL&FS group companies during the moratorium period.
8	Union of India vs IL&FS and Ors. (Company Appeal (AT) no. 346 of 2018)	National Company Law Appellate Tribunal, New Delhi	August 8, 2019	<p>The Hon'ble NCLAT <i>inter alia</i> clarified that prior permission of Hon'ble Justice (Retd.) D. K. Jain would be required before selling, transferring, dealing with or creating any third party right, title or interest on any movable or immovable assets of the 82 "Red" entities.</p> <p>It is pertinent to note that by way of an order dated August 14, 2019 the Hon'ble NCLAT further clarified that the order dated August 8, 2019 shall not affect Red Entities to pay salary of its Employees/ Workman, Officers and Operational creditors to keep the Red Entities going concern.</p>
9	Union of India, Ministry of Corporate Affairs vs IL&FS and 2 Ors. (M.A No. 2699 of 2019 in C.P. No. 4506 of 2018)	National Company Law Tribunal, Mumbai Bench	August 9, 2019	<p>Further to the order dated January 1, 2019, the Hon'ble NCLT appointed the following chartered accountant for re-opening and recasting the accounts of IL&FS, IFIN and ITNL:</p> <p>(a) For IL&FS and IFIN: Borkar & Mazumdar & Co; (b) For ITNL: M/s. G.M. Kapadia & Co.</p> <p>Further, the NCLT appointed the following chartered accountants for auditing the reopened and re-cast accounts of IL&FS, IFIN and ITNL:</p> <p>(a) For IL&FS and IFIN: M/s. CNK Associates LLP; (b) For ITNL: M/s. M. M. Chitale & Co.</p>

The NCLT and NCLAT has from time to time passed various other orders to enable resolution of the IL&FS and its group companies which are uploaded in the their respective websites.

Annexure D

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr No	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2018-19 (₹ in mn)	% increase in Remuneration in the Financial Year 2018-19	Ratio of remuneration of each Director/ to median remuneration of employees
(1)	Mr Ravi Parthasarathy Chairman - Non-Executive Director	---	---	---
(2)	Mr Hari Sankaran Non-Executive Director	---	---	---
(3)	Mr Arun K Saha Non-Executive Director	---	---	---
(4)	Mr Vibhav Kapoor Non-Executive Director	---	---	---
(5)	Mr Ramesh C Bawa* Managing Director & CEO	35.94	---	18:1
(6)	Mr Rajesh Kotian ** Deputy Managing Director	46.89	---	---
(7)	Mr Surinder Singh Kohli Independent Director	---	---	---
(8)	Ms Shubhalakshmi Panse Independent Director	---	---	---
(9)	Ms Renu Challu Independent Director	---	---	---
(10)	Mr Uday Ved Independent Director	---	---	---
(11)	Mr Vineet Nayyar Non-Executive Director	---	---	---

Sr No	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2018-19 (₹ in mn)	% increase in Remuneration in the Financial Year 2018-19	Ratio of remuneration of each Director/ to median remuneration of employees
(12)	Mr C S Rajan Non-Executive Director	---	---	---
(13)	Mr N Srinivasan Non-Executive Director	---	---	---
(14)	Mr Nand Kishore Non-Executive Director	---	---	---
(15)	Dr Malini Shankar Non-Executive Director	---	---	---
(16)	Mr Kaushik Modak *** Chief Executive Director	7.45	---	---
(17)	Mr Deepak Pareek Chief Financial Officer	14.78	1.71%	---
(19)	Ms Neelam Desai Company Secretary	9.51	7.99%	---

* % Increase / Decrease not shown since due to separation of Mr. Ramesh Bawa

** Remuneration for Rajesh Kotian includes Leave Encashment, Gratuity payment, PRP, his date of separation is July 31, 2018

*** Mr. Kaushik Modak joined in June 18, 2018, hence no comparison from previous year.

Notes:

- (i) The median remuneration of employees of the Company during the financial year was ₹ 1,969,380 mn
- (ii) In the financial year, there was an increase of 21.66 % in the median remuneration of employees;
- (iii) There were 129 permanent employees on the rolls of Company as on March 31, 2019;
- (iv) Average increase already made in the salaries of employees other than the managerial personnel in the last financial year is 11% and there is a decrease in the managerial remuneration by 21.11%. The decrease in remuneration is explained in the footnotes above
- (v) Details of employee remuneration as required under the provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company during working hours on request. Such details are also available on your Company's website: <http://www.ilfsifin.com>
- (vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy

For and on behalf of the Board of Directors

Sd/-

C S Rajan
Director
(DIN No – 00126063)

Sd/-

N Srinivasan
Director
(DIN No – 00123338)

Sd/-

Malini Shankar
Director
(DIN No – 01602529)

Sd/-

Nand Kishore
Director
(DIN No – 08267502)

Date : December 27, 2019

Place : Mumbai

AUDITED STANDALONE FINANCIAL STATEMENTS

Independent Auditor's Report

**To
The Members of
IL&FS Financial Services Limited**

Report on the Audit of the Standalone Ind AS Financial Statements

Disclaimer of Opinion

1. We were engaged to audit the accompanying Standalone Ind AS financial statements of IL&FS Financial Services Limited ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2019, the Standalone Statement of Profit and Loss, including the Standalone Statement of Other Comprehensive Income, the Standalone Statement of Cash Flow, the Standalone Statement of Changes in Equity for the year then ended and notes to the Standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Standalone Ind AS Financial Statements').

We do not express an opinion on the accompanying Standalone Ind AS Financial Statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the accompanying Standalone Ind AS Financial Statements.

Basis for Disclaimer of Opinion

2. As given in Note 6 of the Standalone Ind AS Financial Statements, on January 1, 2019, the Company, its Holding Company (Infrastructure Leasing & Financial Services Limited) and its fellow subsidiary (IL&FS Transportation Networks Limited) received orders from the National Company Law Tribunal for the reopening and recasting of their accounts in respect of financial years 2013-14 to 2017-18, under Section 130 of the Companies Act 2013. Such process of reopening and recasting of prior years' accounts is currently in progress.

The Board of Directors of the Company have stated that Standalone Ind AS financial statements for the year ended March 31, 2019 may undergo a change consequent to the reopening and recasting of accounts in respect of prior years'. In view of the ongoing reopening and recasting of the Standalone Ind AS financial statements of prior years and also considering the significance of specific transactions / matters described herein below, we are unable to determine the consequential impact of the proposed revision and the impact of specific transactions / matters on the Standalone Ind AS Financial Statements. Such specific transactions / matters include:

- 2.1 We draw your attention to Note 7 of the Standalone Ind AS Financial Statements which describes that a third-party forensic examination of various matters for the period April 2013 to September 2018 has been initiated by the Board of Directors of the Company, which is currently ongoing.
- 2.2 We draw your attention to Note 8 of the Standalone Ind AS Financial Statements which describes that the management is in the process of reconciling claims received with its books of account.⁶⁹

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- 2.3 We draw your attention to Note 9 of the Standalone Ind AS Financial Statements which states that the management is in the process of assessment and determination of the financial and other consequences of the litigations stated in the said note, pending which no adjustments have been made to the Standalone Ind AS financial Statements in this regard.
- 2.4 We draw your attention to Note 10 of the Standalone Ind AS Financial Statements which describes that as at March 31, 2019, in respect of transactions with Group companies, the Company has made provisions of Rs.47,987.34 million, Rs.798.21 million, Rs.2,528.30 million and Rs.4,051.96 million respectively towards impairment provisions for loans given, receivables from, impairment of investments and other financial assets and recorded net loss on fair value changes of Rs.2,837.64 million on other financial assets measured at fair value through profit and loss. The Company does not currently have the necessary and/or complete information to support cash flow based tests over its investments, and assumptions for certain aspects of the expected credit loss model in respect of loans receivables, and other financial assets and accordingly, management has recorded full provision for the balances indicated in that note, which does not consider the requirements of the relevant Ind-AS standards in entirety.
- 2.5 We draw your attention to Note 11 of the Standalone Ind AS Financial Statements which describes the reasons, the Company has not accounted for contractual interest income from its subsidiaries and associates (of Rs.3,543.24 million on a gross basis) and contractually payable finance costs on borrowings (of Rs.6,566.82 million, excluding penal / other interest and charges), for the period from October 16, 2018 to March 31, 2019. In our opinion, the Company may be required to account for such interest income and interest expenses, and the related assets and liabilities as at March 31, 2019 subject to accounting principles and legal position.
- 2.6 We draw your attention to Note 12 of the Standalone Ind AS Financial Statements which describes that pending completion of audit of financial statements of various subsidiaries and associates as at and for the year ended March 31, 2019, and/or the related completion of the inter-company balances reconciliation process, we are unable to comment on the adjustments that may be required and any consequential effects on the Standalone Ind AS Financial Statements.
- 2.7 We have not received sufficient and appropriate audit evidence as follows:
- a) Unreconciled differences in bank reconciliation statements/other borrowings including direct debits by banks aggregating Rs.3,879.41 million, which in management's view is primarily arising out of claims for penal interest, which are being disputed by the Company in the process of being reconciled by the Company - Refer Note 11 (c) of Standalone Ind AS financial statements.
 - b) We have sent independent balance confirmation to certain parties for loans and receivables and other payables selected on sample basis. We have not received responses to our request for such loans and receivables of Rs.26,833.18 million (gross), and other payables of Rs.12.22 million.

Mukund M. Chitale

In the absence of sufficient and appropriate evidence in relation to the unconfirmed balances and in view of proposed restatement of prior years, we are unable to determine whether any adjustments are required to the said balances as on March 31, 2019 and related disclosures in these Standalone Ind AS Financial Statements.

- 2.8 We draw your attention to Note 14 of the Standalone Ind AS Financial Statements which describes that the Company is not in compliance with certain requirements/provisions of applicable laws and regulations as more fully discussed in that note. Pending final determination by management of the financial and other consequences arising from such non-compliances, no adjustments have been made to the Standalone Ind AS Financial Statements.
- 2.9 The Company does not have information for certain disclosures including, but not limited to, those required by Schedule III of the Companies Act, 2013 ("the Act"), Ind AS, and certain regulations of the Reserve Bank of India and related rules, as and for the reasons mentioned in Note 13 and Note 2 to the accompanying Standalone Ind AS financial statements.
- 2.10 We draw your attention to Note 16 of the Standalone Ind AS Financial Statements which describes that there are ongoing investigations by various regulatory authorities and agencies on the Company.
- 2.11 **Material Uncertainty related to Going Concern –**

We draw your attention to Note 17 of the Standalone Ind AS Financial Statements which describes that the Company has incurred a loss (including other comprehensive income) of Rs.1,32,767.05 million for the year ended March 31, 2019 and has net liabilities of Rs.1,66,357.28 million as at March 31, 2019. The Company has also suffered consistent downgrades in its credit ratings since September 2018, as a result of which the Company's ability to raise funds has been substantially impaired, with normal business operations being substantially curtailed. Further, the Company has breached its conditions for holding a Certificate of Registration as a Non-Banking Finance Company (NBFC), issued by the Reserve Bank of India. These conditions, along with other matters set forth in that Note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a Going Concern and accordingly, we are unable to comment on whether the Company will be able to continue as Going Concern.

The matter in para 2 above, including paras 2.1 to 2.11 should be read with Note 1.2 to the accompanying Standalone Ind AS financial statements which discusses certain key events of the year including reconstitution of the Board of Directors of the Company effective October 01, 2018 and Note 1.3 to the accompanying Standalone Ind AS financial statements regarding the resolution process followed by the Board of Directors in relation to the Company's operations, as well as the relevant notes referred to hereinabove.

Responsibilities of Management and those charged with Governance for the Standalone Ind AS financial statements

3. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of the accompanying Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the accompanying Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the accompanying Standalone Ind AS financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements

4. Our responsibility is to conduct an audit of the Company's Standalone Ind AS financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these accompanying Standalone Ind AS financial statements.

We are independent of the Company in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the Company.

Reporting on comparatives In case of first Standalone Ind AS financial statements

5. The transition date opening balance sheet as at April 01, 2017 included in the accompanying Standalone Ind AS financial statements are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditors of the Company whose report for the year ended March 31, 2017 dated April 26, 2017 expressed an unmodified opinion on those Standalone financial statements. Similarly, the financial statements for financial year 2017-18 were audited by predecessor joint auditors who had expressed an unmodified opinion dated May 28, 2018. These Financial statements have been restated to comply with Ind AS. We were

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engaged to audit the Ind AS adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. In view of the matters reported in the Basis for Disclaimer of Opinion section above, we are unable to comment on the correctness of the Ind AS adjustments made to the balances in respect of the transition date balances as at April 01, 2017 and the comparatives for the year ended March 31, 2018, presented under Ind AS accounting principles.

Report on Other Legal and Regulatory Requirements

- 6.1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
- 6.2 In view of the matters described in paragraph 2, including paragraphs 2.1 to 2.11 of the Basis for Disclaimer of Opinion section of our report, we are unable to state:
- (i) whether loans and advances made by the Company on the basis of security have been properly secured and whether the terms on which they have been made are prejudicial to the interest of the Company or its members;
 - (ii) whether any of the transactions of the Company referred to in those paragraphs which are represented merely by book entries are prejudicial to the interest of the Company.
- 6.3 Subject to the possible effects of the matters described in the Basis for Disclaimer of Opinion described in paragraph 2, including paragraphs 2.1 to 2.11 above, as required by Section 143(3) of the Act, based on our engagement to audit, we report that:
- a) We have sought all the information and explanations which to the best of our knowledge and belief were necessary for purposes of our audit and obtained all the information except to the extent described in the Basis for Disclaimer of Opinion section above;
 - b) Proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except to the extent stated in the Basis for Disclaimer of Opinion section above;
 - c) Read with the matters stated in the Basis for Disclaimer of Opinion section of our report, the Standalone Balance Sheet, the Standalone Statement of Profit and Loss including the Standalone statement of Other Comprehensive Income, the Standalone Statement of Cash Flow and Standalone Statement of Changes in equity dealt with by this report are in agreement with the books of account;
 - d) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion section above, we are unable to state whether the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards), Rules 2015, amended;
 - e) The possible effects of the matters described in the Basis for Disclaimer of Opinion section above, in our opinion, may have an adverse effect on the functioning of the Company;

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M. CHITALE
& CO.**

**CHARTERED
ACCOUNTANTS**

- f) On the basis of the written representation received from the directors as on March 31, 2019 taken on records by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a Director in terms of Section 164(2) of the Act;
- g) The reservations relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion section above;
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these accompanying Standalone Ind AS financial statements and the operating effectiveness of the such controls, refer to our separate report in "Annexure B" to this report. The report expresses a Disclaimer of Opinion on the Company's internal financial controls over financial reporting for the reasons stated therein;
- i) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion section above, we are unable to state whether the managerial remuneration for the year ended March 31, 2019 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act – Refer Note 43.4 to the Standalone Ind AS financial statements;
- j) With respect to the matters to be included in the Auditor's report in accordance with the rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i) Except for the possible effects of the matters described in the Basis for Disclaimer of Opinion section above, the Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements- Refer Note 45 to the accompanying Standalone Ind AS financial statements;
 - ii) Except for the possible effects of the matters described in the Basis for Disclaimer of Opinion section above, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W


M. M. Chitale
Partner
M. No. 14054

UDIN: 19014054AAAAAV6009

Place: Mumbai
Date: December 27, 2019

Annexure A to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of IL&FS Financial Services Limited

Referred to in paragraph 6.1 under Report on Other Legal and Regulatory Requirements section of our report of even date

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) According to the information and explanations given by the management, the fixed assets were physically verified during the year by the management in accordance with a phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and the records examined by us, we report that the title deed of one immovable property of building is freehold and held in the name of the Company as at the balance sheet date.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies covered in the register maintainable under Section 189 of the Companies Act, 2013. According to the information and explanations given to us:
- a) Pending the outcome of the investigations as stated in the Basis of Disclaimer of Opinion section of our auditor's report on the Standalone Ind AS financial statements, we are unable to report on whether the terms and conditions of the grant of such loans are, prima facie, prejudicial to the Company's interest;
- b) In respect of loans granted to Companies covered in the register maintainable under Section 189 of the Companies Act, 2013, the schedule of repayment of principal and payment of interest has been stipulated. The repayment of principal and interest has not been regular as per stipulations. There were 47 instances of delay in repayment of principal. Further there was delay in majority of the cases relating to payment of interest - Refer Note 11 (b) to the Standalone Ind AS financial statements.
- c) The Company has a sum aggregating Rs. 7,331.93 million in 36 cases which are overdue for more than ninety days from Companies covered in the register maintainable under Section 189 of the Companies Act, 2013. In our opinion and having regard to the matters mentioned in Note 1.3 to the accompanying Standalone Ind AS financial

statements, reasonable steps have been taken by the Company for recovery of overdue amounts where possible.

- (iv) In our opinion and according to the information and explanations given by the management, considering the nature of the Company and that the Company is a registered non-banking finance company to which provisions of Sections 185 and 186 except sub-section (1) of Section 186 of the Companies Act, 2013 are not applicable, in our opinion and according to the information and explanations given to us, during the year, the Company has not made any investments through more than two layers of investment companies as mentioned in sub section (1) of Section 186 of the Companies Act, 2013.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there were no unclaimed deposits with the Company during the year covered under Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues of Provident Fund, Income-tax, Value Added Tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities. We are informed that the provisions of Employees' State Insurance, Sales Tax, Customs Duty and Excise Duty are not applicable to the Company.
 - b) Except for the possible effects of the matter stated in the Basis of Disclaimer of Opinion section of our auditor's report on the Standalone Ind AS financial statements, there are no undisputed dues in respect of provident Fund, income-tax, value added tax, goods and service Tax, and other material statutory dues which were outstanding as per the Company's books of account, as at year end, for a period of more than six months from the date they became payable. We are informed that the provisions of Employees' State Insurance, Sales Tax, Customs Duty and Excise Duty are not applicable to the Company.
 - c) Except for the possible effects of the matter stated in the Basis of Disclaimer of Opinion section of our auditor's report on the Standalone Ind AS financial statements, the dues in respect of income tax, tax deducted at source, value added tax, sales tax, entry tax and service tax which have not been deposited as at March 31, 2019 on account of disputes are given as below:

nil

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount Involved (Rs. in million)	Amount unpaid (Rs. in million)	Forum where the dispute is pending
Rajasthan Sales tax	Sales tax	FY 1997-98 and FY 1998-99	6.96	6.96	High Court of Rajasthan, Jodhpur
Kerala Sales tax	Sales tax	FY 2000-01	0.59	0.59	High Court of Kerala, Ernakulam
Karnataka Entry Tax	Entry tax	FY 1994-95, FY 1995-96, FY 1997-98, FY 1998-99	2.85	2.11	Jurisdictional Entry Tax Officer
Karnataka VAT	VAT	FY 2005-06	0.96	0.96	Joint Commissioner of Commercial Taxes Appeal -I
Karnataka VAT	VAT	FY 2006-07	0.34	0.34	Joint Commissioner of Commercial Taxes Appeal -I
Finance Act, 1994	Service tax	FY 2007-08 and FY 2009-10	9.23	9.23	Custom, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	FY 2006-07 to FY 2014-15	3.42	3.42	Custom, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Tax Deducted at Source	FY 2018-19	12.24	12.24	Joint Commissioner of Income Tax, TDS Circle

- (viii) According to the information and explanations given by the management, the Company has delayed in repayment of loans or borrowings to financial institutions, banks or government and dues to debenture holders during the year in respect of principal amounts of Rs. 36,539.80 million (the delay in such repayments being between 2 days and 201 days as at March 31, 2019), and Rs. 36,539.80 million of such dues were in arrears as on the balance sheet date. The lender wise details are tabulated as under:

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Sr. No.	Particulars	Total Amount of default as at balance sheet date (Rs. in million) #	Date of First Default
Term Loans/Commercial Papers/Inter Corporate Deposits			
1.	Small Industries Development Bank of India	4,950.00	September 25, 2018
2.	UCO Bank	2,750.00	September 26, 2018
3.	State Bank of India	2,250.00	November 29, 2018
4.	LIC Mutual Fund	2,000.00	September 18, 2018
5.	Bank of India	2,000.00	September 24, 2018
6.	Central Bank of India	2,000.00	September 26, 2018
7.	Vijaya Bank	2,000.00	December 14, 2018
8.	Bank of Baroda	1,659.80	September 29, 2018
9.	Allahabad Bank	1,500.00	September 24, 2018
10.	Syndicate Bank	1,500.00	September 29, 2018
11.	Punjab & Sindh Bank	1,250.00	September 12, 2018
12.	Bank of Maharashtra	1,000.00	October 31, 2018
13.	United Bank of India	1,000.00	December 20, 2018
14.	Canara Bank	1,000.00	March 29, 2019
15.	Andhra Bank	750.00	December 31, 2018
16.	Australia And New Zealand Banking Corporation Ltd	750.00	December 27, 2018
17.	IDBI Bank Ltd	750.00	March 22, 2019
18.	Oriental Bank of Commerce	500.00	September 17, 2018
19.	IFCI Ltd	500.00	September 27, 2018
20.	SBI Funds Management Pvt Ltd	280.00	September 28, 2018
21.	Firststrand Bank Ltd	280.00	December 13, 2018
22.	Telangana State Co-op Apex Bank Ltd	250.00	October 25, 2018
23.	Citizen Credit Co-Operative Bank Ltd	250.00	January 22, 2019
24.	Janakalyan Sahakari Bank Ltd	150.00	February 27, 2019
25.	Indian Overseas Bank	125.00	March 30, 2019
Debentures			
26.	Total Debentures	5,095.00	Various**
	Total	36,639.80	

**** Various dates between September 17, 2018 to March 28, 2019.**

Amounts and date of first default are as per the original terms of contractual agreements. Amounts are cumulative from the date of first default to March 31, 2019, and represents principal amount only, and does not include interest, for reasons stated in Note 11 to the Standalone Ind AS financial statements and paragraph 2.5 of the Basis of Disclaimer of Opinion section of our auditor's report of even date.

- (ix) According to the information and explanations given by the management and on an overall examination of the balance sheet, the Company has not raised any money by way of initial public offer or further public offer, hence this part of clause (ix) of the Order is not applicable to the Company.

Further, we were not provided with all the information and explanations regarding utilisation of moneys raised prior to October 01, 2018 by way of term loans, and accordingly we are unable to comment as to whether the moneys raised from such term loans have been utilized for the purposes for which they were obtained. No term loans were taken subsequent to October 01, 2018.

- (x) As a consequence of the various matters resulting in change in the operational status of the Company, as more fully described in Note 1.2 and 1.3 to the accompanying Standalone Ind AS financial statements and having regard to and pending final outcome of the various matters described in the Basis of Disclaimer for Opinion section above, based on audit procedures performed by us and according to the information and explanations given by the management, we are unable to report on fraud by the Company or on the Company by the officers and employees of the Company during the year.
- (xi) Due to the possible effects of the matter stated in the Basis of Disclaimer of Opinion section of our auditor's report on the Standalone Ind AS financial statements, we are unable to comment on whether the managerial remuneration for the year ended March 31, 2019 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act. Refer Note 43.4 to the Standalone Ind AS financial statements.
- (xii) As per the information and explanations given to us, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) Due to the possible effects of the matter stated in the Basis of Disclaimer of Opinion section of our auditor's report on the Standalone Ind AS financial statements, pending completion of the audit of the financial statements of fellow subsidiaries as at and for the year ended March 31, 2019 and/or the related completion of the inter-company balances reconciliation processes, the Company has not recorded any adjustments that may be required in this regard. Accordingly, (a) we are unable to comment if the transactions with

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the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013. (b) We are unable to comment as to whether the details disclosed in the notes to the accompanying Standalone Ind AS financial statements, as required by the applicable accounting standards are adequate in respect of the transactions entered during the year and as a consequence of the balance as at March 31, 2019.

- (xiv) According to the Information and explanations given by the management and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting under clause (xiv) of the Order is not applicable to the Company and not commented upon.
- (xv) Due to the possible effects of the matters stated in the Basis of Disclaimer of Opinion section of our auditor's report on the Standalone Ind AS financial statements, we are unable to comment on whether the Company has not entered into any non-cash transactions with its directors or persons connected with him as referred to in Section 192 of the Companies Act, 2013.
- (xvi) According to the Information and explanations given by the management, we report that the Company is registered under Section 45-IA of the Reserve Bank of India Act, 1934, without considering the consequential effects/impact, if any, of the matter mentioned in Note 14 to the accompanying Standalone Ind AS financial statements.

For Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W



M. M. Chitale
Partner
Membership No. 14054

UDIN: 19014054AAAAAV6009

Place: Mumbai
Date: December 27, 2019

Annexure B to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of IL&FS Financial Services Limited

Report on the Internal Financial Controls under clause (l) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in Paragraph 6.3(h) under "Report on Other Legal and Regulatory Requirements" section of our audit report of even date)

1. We were engaged to audit the internal financial controls over financial reporting of IL&FS Financial Services Limited ("the Company") as of March 31, 2019, in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements based on our audit. We were engaged to audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Because of the matters described in the Basis for Disclaimer of Opinion in the main audit report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Company had adequate internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements as at March 31, 2019 and whether such internal financial controls were operating effectively.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Standalone Ind AS Financial Statements

4. A Company's internal financial control over financial reporting with reference to these Standalone Ind AS financial statements is a process designed to provide reasonable

assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these Standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

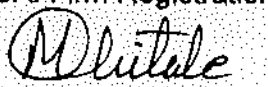
Disclaimer of Opinion

5. Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph in our main audit report, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the Company had adequate internal financial controls over financial reporting with reference to these Standalone Ind AS financial statements as at March 31, 2019 and whether such internal financial controls were operating effectively. Accordingly, we do not express an opinion on Internal Financial Controls Over Financial Reporting with reference to these Standalone Ind AS financial statements.

Explanatory Paragraph

6. We were engaged to audit, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act, the Standalone Ind AS financial statements of IL&FS Financial Services Limited as at and for the year ended March 31, 2019. We have considered the disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 Standalone Ind AS financial statements of IL&FS Financial Services Limited and this report affects our report dated December 27, 2019 which expressed a disclaimer of opinion on those Standalone Ind AS financial statements.

For Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W



M. M. Chitale
Partner
M. No. 14054

UDIN: 19014054AAAAAV6009

Place: Mumbai

Date: December 27, 2019

Balance sheet as at March 31, 2019

(Rs in million)

	Note	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Assets				
1 Financial Assets				
Cash and cash equivalents	18	9,649.04	7,990.26	29,106.18
Bank Balance other than above	19	0.94	2,500.48	-
Derivative financial instruments	20	60.16	1,520.78	572.71
Receivables	21	2.73	917.49	1,145.87
Loans	22	11,364.26	124,354.59	95,846.17
Investments	23	11,586.38	29,703.86	25,342.88
Other Financial assets	24	368.32	2,775.46	3,216.97
2 Non-financial Assets				
Inventories				
Current Tax Assets		969.62	942.30	837.61
Deferred Tax Assets (net)	44.3	-	10,051.74	9,433.60
Investment Property	25	3,994.71	6,059.80	5,772.10
Property, Plant and Equipment	26	52.66	78.98	39.60
Capital work-in-progress	26	5.63	6.99	6.62
Other Intangible Assets	27	7.23	10.65	4.75
Other non-financial assets	28	249.97	141.54	99.26
Total assets		38,311.65	187,054.92	171,424.32
Liabilities and Equity				
3 Financial Liabilities				
Derivative financial instruments	20	-	-	26.49
Payables				
(I) Other Payables				
(i) dues of micro enterprises and small enterprises	29	0.84	-	-
(ii) dues of creditors other than micro enterprises and small enterprises	29	204.55	342.34	271.81
Debt securities	30.1	42,222.62	40,745.58	35,955.88
Borrowings	30.2	88,663.27	86,288.12	80,754.17
Deposits	30.3	18,076.81	38,735.09	33,309.65
Subordinated liabilities	30.4	16,407.91	14,775.34	12,974.16
Other financial liabilities	31	504.92	496.47	42.02
4 Non-financial liabilities				
Current tax liabilities				
Provisions	32	54.24	456.59	305.62
Deferred tax liabilities (Net)	44.3	1.09	-	-
Other non-financial liabilities	33	221.03	493.97	2,296.70
Total liabilities		166,357.28	182,333.50	165,936.50
5 Equity				
Equity share capital	34	2,656.68	2,656.68	2,656.68
Other equity	35	(130,702.31)	2,064.74	2,831.14
Total equity		(128,045.63)	(4,721.42)	5,487.82
Total liabilities and equity		38,311.65	187,054.92	171,424.32

Notes 1 to 56 forms part of the Financial Statements

As per our report on even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Registration No. : 106655W

For and on behalf of the Board

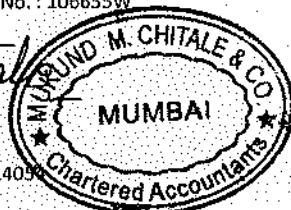
C. S. Rajan
Director
(DIN 00126063)

Dr. Mani Shankar
Director
(DIN 01602529)

Nand Kishore
Director
(DIN 08267502)

N. Srinivasan
Director
(DIN 00123338)

M. M. Chitale
Partner
Membership No 14095



Mumbai, December 27, 2019

Kaushik Modak
Chief Executive Officer
Mumbai, December 27, 2019

Jayashree Ramaswamy
Chief Financial Officer

Namita Tripathi
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2019

(Rs in million)

	Particulars	Note No.	Year Ended March 31, 2019	Year Ended March 31, 2018
1	Revenue from operations			
	Interest Income	36	2,441.38	20,985.69
	Dividend Income		219.87	187.51
	Rental Income		-	5.43
	Fees and commission income		13.03	12.15
	Project Debt Syndication		58.29	1,498.43
	Corporate Advisory Services		-	160.90
	Total Revenue from operations		2,732.57	22,850.11
2	Other Income	38	219.22	34.71
3	Total Income (1+2)		2,951.79	22,884.82
4	Expenses			
	Finance Costs	39	8,926.21	15,064.59
	Net loss on fair value changes	37	13,807.91	2,818.03
	Impairment on financial instruments	40	99,621.26	2,239.66
	Employee Benefits Expenses	41	490.30	791.40
	Depreciation, amortization and impairment	42	2,169.99	25.27
	Other expenses	43	628.56	1,106.85
	Total Expenses		125,644.23	22,045.80
5	Profit/(loss) before tax (3-4)		(122,692.44)	839.02
6	Tax Expense:			
	(1) Current Tax		-	1,362.00
	(2) Deferred Tax	44.3	10,052.83	(618.14)
			10,052.83	743.86
7	Profit/(loss) for the year (5-6)		(132,745.27)	95.16
8	Other Comprehensive Income			
	<u>A. Items that will not be reclassified to profit or loss</u>			
	Re-measurements of the defined benefit plans;		37.43	(5.19)
	Income tax relating to items that will not be reclassified to profit or loss		37.43	(5.19)
	Subtotal (A)		37.43	(5.19)
	<u>B. Items that will be reclassified to profit or loss</u>			
	Debt Instruments through Other Comprehensive Income;		(59.21)	(61.67)
	The effective portion of gains and loss on hedging instruments in a cash flow hedge;		-	-
	Income tax relating to items that will be reclassified to profit or loss		-	-
	Subtotal (B)		(59.21)	(61.67)
	Other Comprehensive Income (A+B)		(21.78)	(66.86)
9	Total Comprehensive Income for the period (7-8)		(132,767.05)	28.30
	Earnings per equity share			
	Basic (Rs.)		(499.67)	0.36
	Diluted (Rs.)		(499.67)	0.36

Notes 1 to 56 forms part of the Financial Statements

As per our report on even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Registration No. : 106655W

M. M. Chitale
Partner
Membership No 14034
Mumbai, December 27, 2019

For and on behalf of the Board

C. S. Rajan
Director
(DIN 00126063)

Dr. Malini Shankar
Director
(DIN 01602529)

Nand Kishore
Director
(DIN 08267502)

N. Srinivasan
Director
(DIN 00123338)

Kaushik Modak
Chief Executive Officer
Mumbai, December 27, 2019

Jayashree Ramaswamy
Chief Financial Officer

Namita Tripathi
Company Secretary

Statement of Changes in Equity (SOCE) for the year ended March 31, 2019

A. Equity Share Capital

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Authorised equity shares having face value of Rs 10 per share	10,000.00	3000.00	3000.00
Issued, subscribed and paid up equity shares having face value of Rs 10 per share	2656.68	2656.68	2656.68

B. Other Equity

	Reserves and Surplus				Other Comprehensive Income				Total
	Statutory Reserve	Securities Premium	Special Reserve II	General Reserve	Retained Earnings	Remeasurements of defined benefit plans	Debt Instrument through Other Comprehensive Income	Cash flow hedge reserve	
Balance as at April 1, 2017	4,929.02	8,503.48	223.65	2,051.88	(12,998.42)	5.33	120.88	(4.69)	2,831.13
-Dividend paid including dividend distribution tax (equity shares)	-	-	-	-	(799.38)	-	-	-	(799.38)
-Transfer to/from retained earnings	199.32	-	27.00	-	(226.32)	-	-	-	-
Other Additions/Deductions during the year	-	-	-	-	-	-	-	-	-
-Profit (loss) for the year after tax	-	-	-	-	95.16	-	-	4.69	4.69
-Other Comprehensive Income for the year before tax	-	-	-	-	-	(5.19)	(61.67)	-	95.16
Less: Income Tax on Other Comprehensive Income	-	-	-	-	-	-	-	-	(66.86)
Total Comprehensive Income for the year	-	-	-	-	-	(5.19)	(61.67)	-	(66.86)
Balance as at March 31, 2018	5,128.34	8,503.48	250.65	2,051.88	(13,928.96)	0.14	59.21	-	2,064.74
-Profit (loss) for the year after tax	-	-	-	-	(132,745.27)	-	-	-	(132,745.27)
-Other Comprehensive Income for the year before tax	-	-	-	-	-	37.43	(59.21)	-	(21.78)
Total Comprehensive Income for the year	-	-	-	-	-	37.43	(59.21)	-	(21.78)
Balance as at March 31, 2019	5,128.34	8,503.48	250.65	2,051.88	(146,674.23)	37.57	-	-	(130,702.31)

Notes 1 to 56 forms part of the Financial Statements

As per our report on even date
For Mukund M. Chitale & Co.
Chartered Accountants

Firm Registration No.: 106655W

M. Chitale

M. M. Chitale
Partner

Membership No 1405

Mumbai, December 27, 2019

For and on behalf of the Board

C. S. Rajan

Director

(DIN 09426063)

Dr. Madini Shankar

Director

(DIN 01602529)

Nand Kishore

Director

(DIN 08267502)

N. Srinivasan

Director

(DIN 00123338)

K. Modak

Chief Executive Officer

Mumbai, December 27, 2019

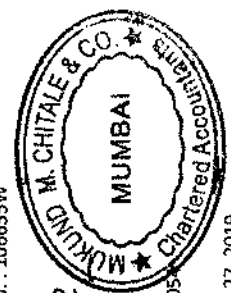
J. Kammaswamy

Chief Financial Officer

Mumbai, December 27, 2019

Namrita Tripathi

Company Secretary



Statement of Cash flow for the year ended March 31, 2019

(Rs in million)

		Year ended March 31, 2019	Year ended March 31, 2018
A	CASH FLOWS FROM OPERATING ACTIVITIES		
	(Loss)/Profit Before Tax	(122,692.44)	839.02
	Adjustments for non-cash items:		
	Impairment of Receivables	98,636.31	2,239.66
9	Net unrealised (Loss)/Gain on Fair Value Changes	13,672.67	2,822.76
	Depreciation, amortization and impairment	2,169.99	25.27
	Provision for employee benefit	34.74	(11.45)
	Loss/(Profit) on Sale of Property, Plant and Equipment	(407.79)	(392.51)
	Loss/(Profit) on Sale of Property, Plant and Equipment and Investment Property	(92.04)	0.06
	OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	(8,678.56)	5,522.79
	Adjustments for working capital changes:		
	Decrease/(Increase) in Other Bank Balance	2,499.54	(2,500.48)
	Decrease/(Increase) in Derivatives	1,460.61	(974.56)
	Decrease/(Increase) in Receivables	116.55	(298.54)
	Decrease/(Increase) in Loans	21,378.57	(30,082.92)
	Decrease/(Increase) in Investments	3,077.04	(7,143.03)
	Decrease/(Increase) in Other Financial Assets	(2,728.22)	399.41
	Decrease/(Increase) in Other Non-Financial Assets	(108.42)	(42.28)
	Increase/(Decrease) in Trade Payables	(137.03)	70.55
	Increase/(Decrease) in Other Financial Liabilities	8.46	454.44
	Increase/(Decrease) in Other Non-Financial Liabilities	(272.94)	(1,802.74)
	Increase/(Decrease) in Provisions	(182.05)	(41.29)
		16,433.55	(36,438.65)
	Income Taxes Refund/(Paid)	(27.32)	(1,466.69)
	Net Cash generated/(used in) from Operating Activities	16,406.23	(37,905.34)
B	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of Property, Plant and Equipment (PPE) and Intangible Assets	(2.11)	(70.22)
	Sale of Property, Plant and Equipment (PPE) and Intangible Assets	5.13	0.23
	Dividend Income on Investments	407.79	392.51
	Purchase of Investment Property	(766.49)	(288.69)
	Sale of Investment Property	781.74	-
	Net Cash generated/(used in) Investing Activities	426.06	33.83
C	CASH FLOWS FROM FINANCING ACTIVITIES		
	Proceeds From Issue of Shares Capital	-	-
	Additional Borrowings done during the year	52,130.24	204,570.56
	Repayment of Borrowing	(67,303.75)	(186,782.99)
	Dividend Payment	-	(1,031.99)
	Net Cash generated/(used in) from Financing activities	(15,173.51)	16,755.58
	Net Increase/(decrease) in Cash and Equivalents (A+B+C)	1,658.78	(21,115.93)
D	Cash and Cash Equivalents (Opening Balance)	7,990.26	29,106.19
	Cash and Cash Equivalents (Closing Balance)	9,649.04	7,990.26

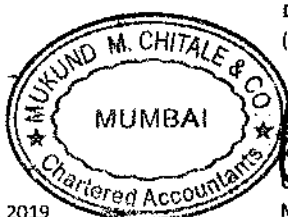
Notes 1 to 56 forms part of the Financial Statements

As per our report on even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Registration No. : 106655W

M. Chitale

M. M. Chitale
Partner
Membership No 14054

Mumbai, December 27, 2019



For and on behalf of the Board

C. S. Rajan
Director
(DIN D0126063)

Kaushik Modak
Kaushik Modak
Chief Executive Officer
Mumbai, December 27, 2019

Dr. Mahesh Shankar
Director
(DIN 01602529)

Jayashree Ramaswamy
Jayashree Ramaswamy
Chief Financial Officer

Nand Kishore
Director
(DIN 08267502)

N. Srinivasan
Director
(DIN 00123338)

Namita Tripathi
Namita Tripathi
Company Secretary

IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(1) Overview

1.1 Background and general information

IL&FS Financial Services Limited (the "Company") is incorporated in India as a public limited company and registered with Reserve Bank of India as Non-Banking Financial Services Company ('NBFC') as Non-Deposit Taking Systemically Important (NBFC-ND-SI). The Company is engaged in financial services business comprising of lending, investments and advisory services

1.2 Significant developments at the Company, IL&FS ("holding company" or "IL&FS") and various group companies ('the IL&FS Group' including IFIN which is wholly owned subsidiary of IL&FS) during the year ended March 31, 2019 and subsequent to the year end.

1.2.1 IL&FS Financial Services Limited ("IFIN" or the "Company") reported defaults on its borrowing obligations during the financial year 2018-19. Further, the credit rating of the Company was downgraded to 'D' (lowest grade) in September 2018.

Pursuant to a report filed by the Registrar of Companies, Mumbai ("RoC") under Section 208 of the Companies Act, 2013, the Government of India vide their Order dated September 30, 2018, directed that the affairs of IL&FS be investigated by the Serious Fraud Investigation Office ("SFIO"). SFIO commenced investigation of affairs of IL&FS and its subsidiaries.

The Union of India on October 1, 2018 filed a petition with the National Company Law Tribunal ("NCLT") seeking an order under section 242(2) and section 246 read with section 339 of the Companies Act, 2013 on the basis of the interim reports of the RoC and on the following grounds:

- (I) The precarious and critical financial condition of IL&FS and its group companies and their inability to service their debt obligations had rattled the money market.
- (II) On a careful consideration of the Union of India, it was of the opinion that affairs of IL&FS and its group companies were conducted in a manner contrary to the public interest due to its mis-governance; and
- (III) The intervention of the Union of India is necessary to prevent the downfall of IL&FS and its group companies and the financial markets.

It was felt that the governance and management change is required to bring back the IL&FS Group from financial collapse, which may require, among other things, a change in the existing Board and management and appointment of a new management.

Based on the above petition, the NCLT vide its order dated October 1, 2018 suspended the erstwhile Board of IL&FS and appointed the New Board proposed by the Union of India with six persons namely:

- (I) Mr Uday Kotak
- (II) Mr Vineet Nayyar
- (III) Mr G N Bajpai (up to October 30, 2018)
- (IV) Mr G C Chaturvedi
- (V) Dr Ms Malini Shankar
- (VI) Mr Nand Kishore

The present constitution of the new Board of IL&FS is as follows:

- (I) Mr Uday Kotak, Chairman
- (II) Mr Vineet Nayyar, Vice Chairman (Managing Director till March 31, 2019)
- (III) Mr C S Rajan, Director (Managing Director from April 2, 2019)
- (IV) Mr Bijay Kumar, Deputy Managing Director



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

- (V) Mr Nand Kishore
- (VI) Dr Ms Malini Shankar
- (VII) Mr N Srinivasan (appointed from January 8th, 2019)
- (VIII) Mr G C Chaturvedi

- 1.2.2 Consequent to IFIN not being able to meet its financial obligations when they fell due for payment in September, 2018, all the Independent Directors of the Company resigned from their positions between September 17, 2018 and 20th September, 2018. Further, Mr. Ramesh Bawa, Managing Director and CEO of the Company resigned from the services of the Company as of 21st September, 2018.

As Mr. Ramesh Bawa, Managing Director & CEO was on deputation from IL&FS (Holding Company), his remuneration was paid by the Company to the holding Company through a recharge mechanism. Such payments were paid to IL&FS until the month of July, 2018. The remuneration for August 2018 has been paid by IL&FS and the same is shown as payable to IL&FS

In view of supersession of the Board of Directors of IL&FS and its subsidiaries there was no Board of IFIN for the period of September 20, 2018 till October 26, 2018. The Board of Directors of IFIN was reconstituted on the 26th October, 2018 with the following members:

- (I) Mr. Vineet Nayyar
- (II) Mr. C.S. Rajan
- (III) Mr. N. Srinivasan
- (IV) Dr. Ms. Malini Shankar
- (V) Mr. Nand Kishore

Mr Bijay Kumar was appointed as a director of IFIN with effect from December 23, 2018

During the period October 26, 2018 till March 31, 2019, the Company did not have any Independent Director on the Board of Directors.

Further applications were made by the Union of India and others, to the NCLT and the National Company Law Appellate Tribunal ("NCLAT") on various matters. The NCLAT, on October 15, 2018, ordered a stay until further orders on the following matters:

- (I) The Institution or continuation of suits or any other proceedings by any party or person or bank or Company against IL&FS and its group companies in any court of law/tribunal/arbitration panel or arbitration authority.
- (II) Any action by any party or person or bank or company etc to foreclose, recover, enforce any security interest created over the assets of IL&FS and its group companies including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002.
- (III) The acceleration, premature, withdrawal, or other withdrawal, invocation of any term loan, corporate loan, bridge loan, commercial paper, debentures, fixed deposits, guarantees, letter of support, commitment or comfort and other financial obligations availed by IL&FS and its group companies whether in respect of principal or interest or hedge liability or any amount contained therein.
- (IV) Suspension of temporarily the acceleration of any term loan, corporate loan, bridge loan, commercial paper, debentures, fixed deposits, and any financial liability taken by IL&FS and its group companies.
- (V) Any and all banks, financial institutions from exercising the right to set off or lien against any amount lying with any creditor against any dues whether principal or interest or otherwise against the balance lying in any the bank accounts and deposits whether current, savings or otherwise of IL&FS and its group companies.



Notes to accounts to the financial statements for the year ended March 31, 2019

1.3 Resolution process proposed by new Board of Directors of IL&FS

The New Board of Directors of IL&FS, as part of the resolution process, has submitted several progress reports to the NCLT. This includes framework for a resolution plan and process, steps undertaken for monetization of assets, appointment of consultants, and classification of group entities based on their abilities to meet various financial and operational obligations, measures for cost optimization and protocol for making payments beyond certain limits.

As discussed earlier, the NCLAT had given a moratorium to IL&FS and its group entities and that no creditors can proceed against it except under article 226 of the Constitution.

The resolution plan seeks a fair and transparent resolution while keeping in mind larger public interest, financial stability, various stakeholders' interest, compliance with legal framework and commercial feasibility. It is proposed to have a timely resolution process which in turn mitigate the fallout on the financial markets of the country and restore investor confidence in the financial markets thereby serving larger public interest. IL&FS being a holding company and registered as a Core Investment Company (CIC) with RBI, depends on its group entities to continue operating as a going concern. The resolution plan and processes for various verticals are under way and options of restructuring business, as well as exits are planned. The plan of the management is to sell/exit from assets at the group entity as a going concern.

The New Board of IL&FS is pursuing vertical level, SPV level and asset level resolution plan. The assessment of the New Board of IL&FS, based on analysis of the current position of and challenges facing the IL&FS group, is that an Asset Level Resolution Approach serves the best interest of all stakeholders to achieve final resolution. Further, the stakeholders' interests will be protected adequately since the framework and asset sale will be subject to NCLAT approval. The agreed resolution plan would be made public for the knowledge of all concerned stakeholders through an affidavit filed by the Union of India before Hon'ble NCLAT.

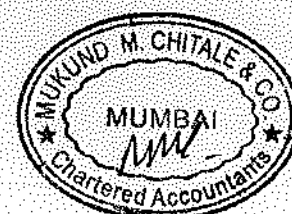
As discussed above, the New Board of IL&FS has submitted five progress reports to the NCLT on the resolution plans and latest of which was submitted on August 09, 2019.

Strategic actions taken include:

- a. Appointing Legal, Transaction and Resolution Advisors
- b. Securing a moratorium order from third party actions
- c. Setting up 'Operating Committee' of senior executives for managing daily operations
- d. Developing solution framework for managing unprecedented group insolvency using an umbrella resolution approach
- e. Active recovery actions on external lending portfolio of IL&FS Financial Services (IFIN)
- f. Working with central and state government authorities to resolve outstanding claims

The entities in the IL&FS group, have been classified into Indian and offshore entities. Further, the Indian IL&FS entities have been classified by an independent third party, into three categories of entities based on a 12-month cash flow based solvency test viz "Green", "Amber" and "Red", indicating their ability to repay both financial and operating creditors, only operating creditors, or only going concern respectively.

Based on this classification of "Green", "Amber" and "Red", the New Board of IL&FS has put in place a payment protocol for the IL&FS group during the resolution process. The classification of the entities, the payment protocol and the resolution framework has been filed with the NCLAT and the NCLAT has directed the appointment of Justice D K Jain (Retd) on the 11th February, 2019 to supervise the resolution process for the IL&FS group.



Notes to accounts to the financial statements for the year ended March 31, 2019

IFIN has not forwarded any proposal under resolution process to Justice D.K.Jain (Retd) till March 31, 2019

IFIN is classified as a "Red" entity, indicating that it is not able to meet all obligations (financial and operational) including the payment obligations to senior secured financial creditors. Accordingly, the Company is permitted to make only those payments necessary to maintain and preserve the going concern status.

- 1.4 In consideration of the current status of affairs and challenges faced by the company, the company had made an application to Ministry of Corporate Affairs (MCA) requesting for extension of time for convening the Annual General Meeting (AGM). MCA has granted the extension to hold the AGM upto December 31st 2019 vide its letter dated December 17th 2019.

(2) Significant accounting policies

Basis of Preparation

The principal accounting policies applied in the preparation of these standalone financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Compliance with Ind AS

The Financial Statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Act.

For all periods up to and including the year ended 31 March 2018, the Company had prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

These are the Company's first Ind AS Financial Statements prepared in accordance with Ind-AS read with Ind AS 101, *First-time Adoption of Indian Accounting Standards*. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Company is provided in the Notes to the financial statements.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act except that certain disclosures are omitted or are incomplete in these financial statements. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

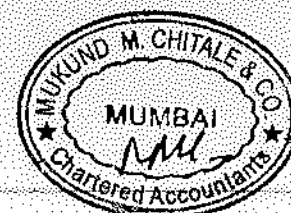
The Company's compliance with the measurement, recognition, presentation and disclosure requirements of the Ind AS are subject to the matters described in Notes 6 to Note 17 to these financial statements.

Ministry of Corporate Affairs (MCA) has issued Roadmap for applicability of Ind-AS to NBFC. The Company has followed the guidelines specified in that Roadmap. As suitably explained in Note 6 to these financial statements, the applicability of Ind-AS may need to be reassessed subsequent to the NCLAT order for the re-opening and recasting of financial statements for the FY 2013-14 to 2017-18.

2.2 Historical Cost Convention

The Financial Statements have been prepared on a historical cost basis, except for the following asset and liabilities which have been measured at fair value:

- (i) Derivative financial instruments,
- (ii) Certain financial assets and liabilities measured at fair value
- (iii) Plan Assets of Defined Benefit Plans which are measured at fair value at the end of each reporting period as explained in the accounting policy.



Notes to accounts to the financial statements for the year ended March 31, 2019

2.3 Order of Liquidity

Pursuant to Ind AS 1 - 'Presentation of Financial Statements' and amendment to Division III of Schedule III to the Companies Act, 2013 dated October 11, 2018, the Company presents its balance sheet in the order of liquidity. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties

(3) Significant accounting judgements, estimates and assumptions

The preparation of Financial Statements requires the Company to make estimates and assumptions considered in the reported amounts of Assets and Liabilities (including Contingent Liabilities) as of the date of the Financial Statements and the reported Income and Expenses during the reporting year. The Company believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable. Actual results could differ from these estimates. Any change in such estimates is recognised prospectively. Further, the Company has applied the principles of prudence and substance over form for recognition and measurement of its assets and liabilities in view of the matters stated in the Notes 6 to 17 to the financial statements.

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year in case of following:

- Significant increase in credit risk
- Expected Credit Loss on loan portfolio
- Fair valuation of investments at fair value through profit or loss account (FVTPL)

(4) Accounting policies

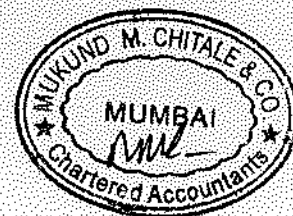
4.1 Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

4.2 Initial Recognition, Classification and Measurement of Financial Instruments:

(a) Recognition of Financial Instruments

Financial assets and financial liabilities are recognized, with exception of borrowing when the Company becomes a party to the contractual provisions of the financial instruments. Loans & advances and all other regular way purchases or sales of financial assets are recognised and derecognised on the trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The Company recognises borrowings when funds reach the Company.



(b) **Initial Measurement of Financial Instruments**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from their respective fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit and loss.

(c) **Day 1 profit or loss**

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in Statement of profit and loss when the inputs become observable, or when the instrument is derecognised.

(d) **Classification and Subsequent Measurement**

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- (i) Amortised cost
- (ii) Fair Value Through Other Comprehensive Income,
- (iii) Fair Value Through Profit or Loss

Debt Instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

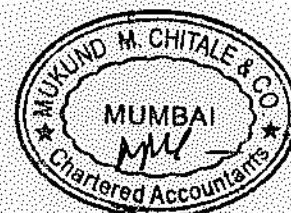
- (i) the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and;
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (iii) By default, all other financial assets are subsequently measured at FVTPL.

(e) **Financial Assets carried at Amortised Cost (AC)**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(f) **Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



(g) Financial Assets at Fair Value through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of profit and loss. The net gain or loss recognised in statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Revenue from operations' line item.

(h) Effective Interest Method:

The Effective Interest Method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The Effective Interest Rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

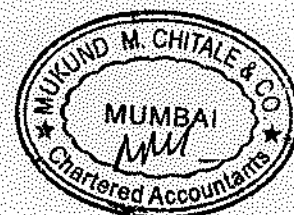
For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

(i) Impairment of Financial Assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other financial asset, and financial guarantees not designated as at FVTPL. Impairment has been done based on management estimates and past experience.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and lease receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognised impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

With respect to Loan portfolio the company follows general approach for computation of expected credit loss using the days past due (DPD) approach. Under this approach the company uses historical information to assess the probability of default (PD).



Notes to accounts to the financial statements for the year ended March 31, 2019

For all other financial assets on which ECL to be recognised, the Company does staging of the loans on the basis of below methodology:

- Stage I (Performing): For exposures which have not been assessed as credit-impaired or where there has not been a significant increase in credit risk since initial recognition. For these assets, 12-month ECL are recognized and interest revenue is calculated on the gross carrying amount of the asset.
- Stage II (Under Performing): For exposures where there has been a significant increase in credit risk (SICR) since initial recognition but are not credit-impaired, a lifetime ECL are to be recognised, but interest revenue is still calculated on the gross carrying amount of the asset.
- Stage III (Non-Performing): Financial assets will be assessed as credit impaired when one or more events having a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will need to be recognised.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

The measurement of ECL is a function of the probability of default (PD), loss given default (LGD) (i.e. the magnitude of the loss if there is a default) and the exposure at default (EAD). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information. As for the EAD, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the borrowers, and other relevant forward-looking information.

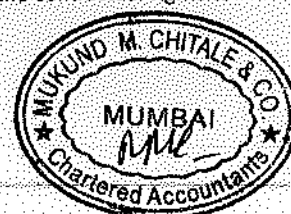
For financial assets, ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. The Company recognises an impairment loss or reversal of impairment loss in the statement of profit and loss with a corresponding adjustment to their carrying amount through a loss allowance account.

If a financial instrument includes both a loan (i.e. financial asset) and an undrawn commitment (i.e. loan commitment) component and the Company cannot separately identify the ECL on the loan commitment component from those on the financial asset component, the ECL on the loan commitment have been recognised together with the loss allowance for the financial asset. To the extent that the combined ECL exceed the gross carrying amount of the financial asset, the ECL have been recognised as a provision. Also, for other loan commitments and all financial guarantee contracts, the loss allowance has been recognised as a provision.

The company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortization recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised as provisions.

(i) **Derecognition of Financial Assets:**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition. The Company derecognizes a financial asset when the contractual rights to



Notes to accounts to the financial statements for the year ended March 31, 2019

the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party

On derecognition of a financial asset accounted under Ind AS 109 in its entirety, the difference between the asset's carrying amount and the sum of consideration received and receivable is recognized in statement of profit and loss

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised and the part that is derecognised, on the basis of the relative fair values of those parts on the date of the transfer.

(k) **Modification/ revision in estimates of cash flows of financial assets**

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with Ind AS 109, The Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in statement of profit and loss.

Various quantitative and qualitative factors are considered to determine whether the renegotiated terms are substantially different and whether the same would amount to extinguishment of financial asset and recognition of a new financial asset. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred are adjusted to the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset

(l) **Reclassification of financial assets**

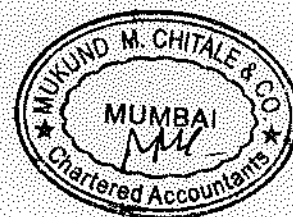
The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains / losses (including impairment gains or losses) or interest.

4.3 Financial Liabilities and Equity Instruments

(a) **Classification as Debt or Equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An Equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.



Notes to accounts to the financial statements for the year ended March 31, 2019

(b) Financial Liabilities

A financial liability is any liability that is:

- (i) Contractual obligation
- (ii) to deliver cash or another financial asset to another entity; or
- (iii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (iv) a contract that will or may be settled in the entity's own equity instruments

All Financial Liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. Company has not designated any financial liabilities at FVTPL.

(c) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and initial fair value is amortised over the life of the guarantee or the commitment, if not designated as at FVTPL, are subsequently measured at the higher of:

- (i) the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

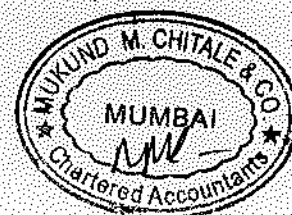
(d) Derecognition of Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability. The difference between the carrying value of the original financial liability and the consideration paid, including modified contractual cash flow recognised as new financial liability, would be recognised in statement of profit and loss.

4.4 Derivative Financial Instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.



Notes to accounts to the financial statements for the year ended March 31, 2019

4.5 Embedded Derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts are measured at FVTPL. The host contracts are not measured at FVTPL.

4.6 Hedge Accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss.

Amounts previously recognised in Cash flow hedging reserve relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

4.7 Offsetting of Financial Assets and Financial Liabilities

The Company offsets financial assets and financial liabilities in the balance sheet when the Company currently has a legally enforceable right to offset the amounts; and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

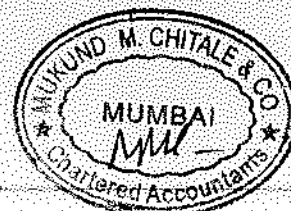
The terms of a master netting arrangements entered into by the Company meets the above-mentioned offsetting criteria, and accordingly, offsetting is done in the balance sheet for the related financial assets and financial liabilities.

4.8 Loan Commitment

Undrawn loan commitments are commitments under which, the Company is required to provide a loan with pre-specified terms to the customer during the duration of commitment.

4.9 Write-off

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery.



Notes to accounts to the financial statements for the year ended March 31, 2019

4.10 Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

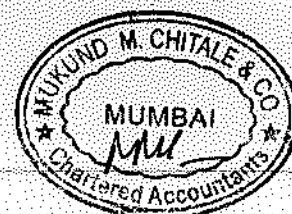
- (i) Level 1 financial instruments where inputs used in the valuation are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date; The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of identical assets or liabilities and there are binding and exercisable price quotes available on the balance sheet date.
- (ii) Level 2 financial instruments are those where the inputs that are used for valuation and are significant are derived from directly or indirectly observable market data over the entire period of the instrument life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instrument in inactive markets and observable input other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustment may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument and.
- (iii) Level 3 financial instrument are those that include one or more unobservable input that is significant to the measurement as whole.

4.11 Exposure to IL&FS Group Entities

For the year ended March 31, 2019, the Company has not been able to follow the above methodology as per the accounting standards in view of various uncertainties involved and has therefore elected the following methodology to provide for loans to IL&FS Group entities on a prudent basis.

The following basis of calculation of Expected Credit Loss (ECL) has been laid down;

Red Entities: LGD & PD is considered at 100% of the loans amount. Hence the loan has been fully provided. In case of any other information being available on realization of loans based on firm bids received and accepted, the same has been considered with LGD @ 55%.



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

Amber Entities: LGD & PD is considered at 100% of the loans amount. Hence, the loan has been fully provided. In case of any other information being available on realization of loans based on firm bids received and accepted, the same should be considered with LGD @ 55%

Green: LGD is considered at 65% for unsecured (as per RBI Norms) and 55% for secured (as per RBI Norms); PD is considered as per ratings and where rating is not available, it is assumed to be BBB'

$ECL = (Principal + Interest) \times PD \times LGD$
PD = Probability of Default
LGD = Loss Given Default

The Company has made the above assumptions to arrive at the PD and LGD for the year ended March 31, 2019 in the absence of information to support these estimates.

Investment in subsidiaries, associates and joint ventures are measured at cost as per Ind AS 27.

If there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in a subsidiary, associate or a joint venture (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated, then it is necessary to recognize impairment loss with respect to the Company's investment in a subsidiary, associate or a joint venture.

For the year ended March 31, 2019, the Company has adopted the following accounting policies for determination of impairment in the absence of the information to make an impairment test of its investments in subsidiaries, associates and joint ventures of the company:

- (I) Wherever binding bids are available for direct investment, that value has been considered
- (II) Investment in companies/entities classified as Red has been provided to the extent of 100% of the investment amount
- (III) Investment in companies/entities classified as Amber has been provided to the extent of 100% of the investment amount
- (IV) However in case of any information such as valuation report/FS being available for Red or Amber entities then such valuation is considered before providing for 100% of the investment amount
- (V) For investment in companies/entities are classified as Green, no impairment has been considered; If audit evidence in the form of audited FS / valuation reports / etc. available indicates existence of impairment, such impairment has been provided
- (VI) Additionally, if loans to the Group Companies are provided for fully, then all of the investments are also impaired
- (VII) All the above is subject to the overall understanding that the Discounted Cash flow Information is not available for the entities in which the Company has invested and therefore the computation of impairment provision is not fully in strict compliance with the IND AS accounting standard on Impairment IND AS 36.

4.12 Collateral valuation:

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, guarantees, real estate, receivables, and inventories, other non-financial assets, court decree and credit enhancements such as netting agreements. The fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and reassessed on yearly basis



Notes to accounts to the financial statements for the year ended March 31, 2019

To the extent possible, the company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market value are valued based on valuation reports from third party valuers. Non-financial collateral, such as real estate, is valued based on reports provided by third party valuer or Internally based on relevant benchmarks/indices

4.13 Collateral invocation/enforcement:

The invocation/enforcement of financial assets held as collateral generally results in derecognition of original financial asset and recognition of new asset unless the enforcement/invocation action is not considered for appropriation at the time of enforcement or invocation.

4.14 Property, plant and equipment:

Property, plant and equipment are initially recognised at cost. Cost comprises the purchase price and any directly attributable cost to bring the asset to its working condition for its intended use

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

All assets are depreciated on a Straight-Line Method (SLM) of Depreciation, over the useful life of assets as prescribed under Schedule II of the Companies Act, 2013 other than assets specified in para below

Following assets are depreciated over a useful life which is shorter than the life prescribed under Schedule II of the Companies Act, 2013 based on internal technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc.:

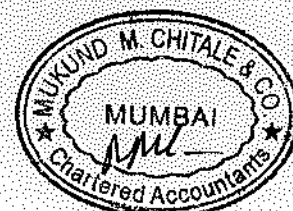
Sr No	Tangible Asset	Useful Life (years)
1	Data Processing Equipment	4
2	Mobile Phones and I-pad / Tablets	Fully depreciated in the year of purchase
3	Office Equipment's	3
4	Vehicles	5
5	Assets provided to employees	3
6	Leasehold Improvements	Amortised over Primary period of Lease
7	Assets costing less than Rs 5,000/- each	Fully depreciated in the year of purchase

The residual value of all fully depreciated assets is retained at Rs. 1 each to identify the assets in Fixed Asset Register.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

On transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as of April 1, 2017 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



4.15 Intangible assets:

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in statement of profit or loss when the asset is derecognised.

Estimated useful life of the intangible asset is as follows:

Asset	Useful life (years)
Software	4 years or the useful life of the software, whichever is shorter

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2017 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

4.16 Investment property

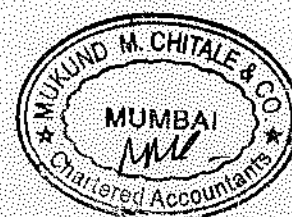
Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with requirements of Ind AS 16 for cost model.

Depreciation is recognized using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013 or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit and loss in the period in which the property is derecognised.

On transition to Ind AS, the Company has elected to continue with the carrying value of its investment property recognised as of April 1, 2017 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



Notes to accounts to the financial statements for the year ended March 31, 2019

4.17 Revenue Recognition

(a) Interest Income:

The Company recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

- (i) The Company calculates interest income by applying the EIR to the gross carrying amount of material financial assets other than credit-impaired assets
- (ii) When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis. During the current year the company has stopped accrual of interest on Stage 3 assets from the date on which the financial asset is identified as Stage 3
- (iii) Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

(b) Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

(c) Investment Income

The gain / losses on sale of investments are recognised in the Statement of Profit and Loss. Gain or loss on sale of investment is determined after consideration of cost on a weighted average basis.

(d) Revenue from Contracts

The fee income comprises of fee relating to its debt syndication and corporate advisory services. The revenue relating to these advisory business is recognised as and when the entity satisfies a performance obligation by transferring a promised service to its customer using five steps process

- (i) Identify the Contract with customer
- (ii) Identify performance obligation in the contract
- (iii) Determine transaction price in the contract
- (iv) Allocate the transaction price to the performance obligation in the contract
- (v) Recognise revenue as and when contract is completed

The fee based revenue contracts comprises of Debt Syndication and Distribution Services (DSD) and Corporate Advisory Services (CAS) which is recognised on the basis satisfaction of performance obligation as below:

Debt Syndication Services	Over the period
Corporate Advisory Services	Point in time



Notes to accounts to the financial statements for the year ended March 31, 2019

4.18 **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in statement of profit and loss using the effective interest method for the period for which they are incurred.

4.19 **Foreign currency transaction:**

- (i) The Financial Statements are presented in Indian Rupees which is also functional currency of the Company.
- (ii) Transactions in currencies other than Indian Rupees (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
- (iii) Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in Statement of profit and loss in the period in which they arise.

4.20 **Employee Benefits:**

(a) **Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of salaries and annual leave in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

(b) **Defined Contribution Plans**

Contributions to Provident Fund and Superannuation Fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees

(c) **Defined Benefit Plans**

The Company has subscribed to a Group Gratuity cum Life Assurance Scheme of an Insurance Company for gratuity payable to the employees. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method. Under the plans the employees are entitled to post-retirement benefits lump sum amounting to 30 days of final Salary for each completed year of service. The eligible salary is Basic Pay. Benefits are vested to employees on completion of five years. Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurement are not reclassified to profit or loss in subsequent periods



Notes to accounts to the financial statements for the year ended March 31, 2019

4.21 Income tax expenses:

(a) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(b) Current Tax

Current Tax is determined at the amount of tax payable in respect of taxable profit for the year as per the Income-tax Act, 1961. Taxable profit differs from 'profit before tax' as reported in the financial statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(c) Deferred Tax

The Entity's deferred tax is calculated using tax rate that has been substantially enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

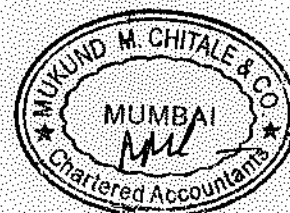
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits to the extent that it is virtually certain that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

It is probable that taxable profit will be available against which a deductible temporary difference, unused tax loss or unused tax credit can be utilised when there are sufficient taxable temporary differences which are expected to reverse in the period of reversal of deductible temporary difference or in periods in which a tax loss can be carried forward or back. When this is not the case, deferred tax asset is recognised to the extent it is probable that the entity will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back, or tax planning opportunities are available that will create taxable profit in appropriate periods.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.



Notes to accounts to the financial statements for the year ended March 31, 2019

(d) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(e) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, is recognised as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company.

4.22 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability.

Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

4.23 Cash Flow Statement

The statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, impairment of property, plant and equipment and intangible assets, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. Interest received or paid is classified as operating cash flows. The cash flows from investing and financing activities are determined by using the direct method.

4.24 Operating Leases

Leases where the Lessor effectively retains substantially all the risks and benefits of ownership over the leased Assets are classified as an Operating Lease. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which it is incurred.



Notes to accounts to the financial statements for the year ended March 31, 2019

4.25 Earnings Per Equity Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

(5) Standards Issued but not yet effective :

5.1 Ind AS 116 Leases:

On 30th March, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

5.2 Prepayment Features with Negative Compensation (Amendments to Ind AS 109):

The amendments to Ind AS 109 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. These amendments are to be applied for annual periods beginning on or after 1 April, 2019.

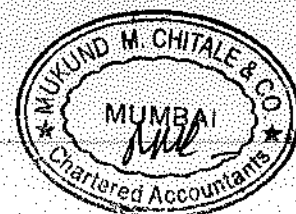
The application of these amendments is not likely to have a material impact on the Financial Statements.

5.3 Ind AS 12 Income taxes:

The amendments clarify that an entity should recognise the income tax consequences of dividends in statement of profit and loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. These amendments are to be applied for annual periods beginning on or after 1 April 2019.

5.4 Plan Amendment, Curtailment or Settlement (Amendments to Ind AS 19):

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability/(asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment or curtailment or settlement, but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). The change in the effect of the asset ceiling



Notes to accounts to the financial statements for the year ended March 31, 2019

that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive Income.

An entity is also now required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability/(asset) as remeasured under Ind AS 19 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

These amendments are to be applied to plan amendments, curtailments or settlements occurring on or after 1 April 2019. The application of these amendments is not likely to have a material impact on the Financial Statements

5.5 Uncertainty over Income Tax Treatments (Appendix C of Ind AS 12):

This Appendix sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Appendix requires an entity to:

- o determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings;
- o If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
- o If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

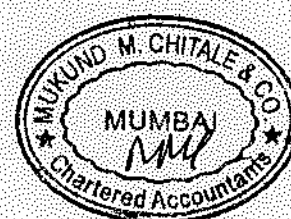
The Appendix is effective for annual periods beginning on or after 1 April 2019.

(6) Order of NCLT for reopening and recasting of accounts

The NCLT, vide order dated January 1, 2019, has allowed a petition filed by the Union of India, for reopening of the books of accounts and recasting the accounts under the provisions of Section 130 of the Companies Act, 2013 for the financial years from 2013-14 to 2017-18, of Infrastructure Leasing & Financial Services Limited, and its subsidiaries IL&FS Financial Services Limited ("IFIN") and IL&FS Transportation Networks Limited ("ITNL"). The process of such reopening and recasting of accounts is currently in progress, pending which, it is not possible to determine the consequential effects arising therefrom on the financial statements for FY 2013-14 to 2017-18, including their effects on (a) the business transactions in those financial years; (b) the balance sheets as at March 31, 2017 (being the date of transition of the Company to the requirements of Ind-AS), March 31, 2018 (comparative period end date) and the current year ended March 31, 2019; and (c) the Statement of Profit and Loss for the years ended March 31, 2018 and March 31, 2019. Such reopening and recasting may require the Company to consider restatement of financial statements for the FY 2018-19 also.

(7) Status of New Board of Directors of IL&FS initiated investigations

As a consequence of the matter described in Note 1.2 above and various other matters discussed in these Ind-AS financial statements, the new Board of Directors of IL&FS, in January 2019, have initiated a forensic examination for the period from April 2013 to September 2018, in relation to certain companies of the Group, and has appointed an independent third party for performing the forensic audit and to report their findings to the Board of Directors. The Company has received two interim reports in this matter so far. However, pending completion of such examination, no adjustments have been recorded in these Ind-AS financial statements for any consequential effects / matters that may arise in this regard on completion of such investigations.



Notes to accounts to the financial statements for the year ended March 31, 2019

(8) Claims management and reconciliation of claims received

Pursuant to the "Third Progress Report – Proposed Resolution Framework for the IL&FS Group" dated December 17, 2018 and the "Addendum to the Third Progress Report – Proposed Resolution Framework for IL&FS Group" dated January 15, 2019 ("Resolution Framework Report") submitted by IL&FS to the Ministry of Corporate Affairs, Government of India which, in turn, was filed with the Hon'ble National Company Law Appellate Tribunal ("NCLAT"), the creditors of the Company were invited (via advertisement(s) dated May 22, 2019) to submit their claims as at October 15, 2018 with proof, on or before 5 June, 2019 (subsequently extended till September 22, 2019) to a Claims Management Advisor ("CMA") appointed by the IL&FS group. The amounts claimed by the financial and operational creditors are assessed for admission by the CMA.

The CMA have submitted their report dated December 17, 2019 on the status of the claims received and its admission status, indicating a total value of claims received and admitted of Rs 163,968.60 million in respect of the Company as at October 15, 2018. The report is subject to update based on additional information / clarification that may be received from the creditors in due course.

Management of the Company is in the process of reviewing such claims, and reconciliation of such claims with the corresponding amounts as per the Company's books of account as on that date (as at March 31, 2019, the Company has liabilities and provisions aggregating Rs 166,357.28 million). Having regard to the nature, volume and value of claims received, management is of the view that due process will need to be applied to all such claims, in order to finally determine the level of present and possible obligations that would need to be recognised by the Company as liabilities. Accordingly, no adjustments have currently been made in this regard to these financial statements, and all such claims received have been disclosed as part of contingent liabilities (refer Note 45).

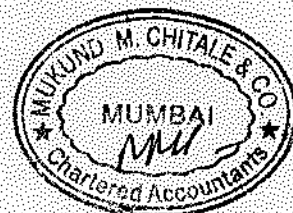
(9) Assessment of various legal cases, suits, etc.

As a result of the events up to September 30, 2018, as more fully described in Note 1.2, there have been various legal cases and suits filed against the Company following the default of borrowings made by the Company, as described in that note. Further, the Company is undergoing a resolution process (refer Note 1.3) under the order of the National Company Law Tribunal ("NCLT"), pending which the management is in the process of making assessments and determinations as to liabilities, provisions and contingent liabilities, as per Ind-AS 37, *Provisions, Contingent Liabilities and Contingent Assets*. Pending final outcome of such process, no adjustments have been made to the financial statements in this regard. Also refer Note 45 for contingent liability disclosures.

(10) Impairment of loans, receivables and investments to / from / in group companies

As a result of the various events during the financial year 2018-19 which are more fully discussed in Note 1.2 to these financial statements, there is significant uncertainty around the recoverable amounts and valuations, and related provisions for impairment, of the various loans given to, receivables from, and investments in, group companies. All group companies in India have been classified as "Red", "Amber" or "Green" categories, based on various factors more fully discussed in note 1.3 to these Ind-AS financial statements.

Management has, in consultation with the Board of Directors of the Company, assessed and determined that the amounts of investments in and loans to group entities classified as "Red" and "Amber" are not wholly recoverable. Management's approach in this regard does not consider the requirements of the relevant Ind-AS standards in entirety as the Company does not presently have the necessary and/or complete information to support cash flow based tests over its investments, and assumptions for certain aspects of the expected credit loss model in respect of loans and receivables. On this basis, impairment has been recognised in respect of the balance of loans, receivables, investments and other financial assets, aggregating Rs 47,987.34 million, Rs 798.21 million, Rs 2,528.30 million and Rs 4,051.96 million respectively, and recorded net loss on fair value changes of Rs 2,837.64 million on financial assets measured at fair value through profit or loss, arising from transactions up to September 30, 2018, except in respect of certain entities where security is available, and management expects realization of those securities. In the view of the Company, the impairment provision made is prudent and represents the economic substance of the amounts recoverable as of March 31, 2019.



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(11) Accounting for contractual interest income in respect of loans to group companies and finance costs on borrowings

In line with the affidavit filed by the Ministry of Corporate Affairs ("MCA") with the Hon'ble NCLAT on May 21, 2019, the cut-off date of October 15, 2018 ("Cut-Off Date") was proposed, on account of inter alia the fact that the Hon'ble NCLAT had passed the Order on October 15, 2018, which inter alia granted certain reliefs to the IL&FS group and also restricted certain coercive actions by the creditors of the IL&FS group.

In terms of the Resolution Framework Reports, the proposal is made that all liabilities relating to the relevant IL&FS Group Entity, whether financial (including interest, default interest, indemnity claims and additional charges), operational debt (including interest, indemnity or other claims) as well as statutory claims (including tax, employment and labour related claims), whether existing at or relating to a period after October 15, 2018 (the Cut-Off Date, as explained in the previous paragraph) should not continue accruing. The NCLAT is yet to issue an order on this matter.

Accordingly, management has:

- (a) Recognised interest income excluding penal interest and delayed payment interest for the year on loans made, to group companies only for the period up to October 15, 2018. No such income has been recognised for the period from October 16, 2018 to March 31, 2019, which approximates Rs 3,543.24 million on a gross basis.
- (b) Recognised finance costs on borrowings (including from third parties) for the year, only for the period up to October 15, 2018. No such finance costs has been recognised for the period from October 16, 2018 to March 31, 2019, which approximates Rs 6,566.82 million.
- (c) The lenders have shown in the statements and documents sent by them the finance cost and interest charges for the period of 1st October 2018 to 31st March 2019 amount of Rs. 3879.41 million. The Company has not accepted these charges based on the legal advice.

The amounts mentioned in (a) and (b) above are based on contractually agreed terms, and exclude penal / other interest and charges. Further, the above (a) and (b) are not applied to entities classified as "Green" category (refer Note 1.3), i.e., entities which are in a position to honor their respective financial and operational liabilities. The above basis of accounting is on the basis of the proposal made by IL&FS with NCLT.

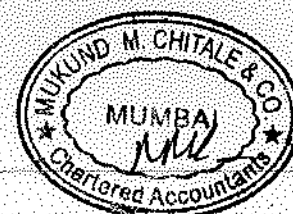
(12) Inter-company confirmations and reconciliations

The Company is in the process of performing and completing the confirmation and reconciliation of inter-company balances with various subsidiaries, associates, joint ventures of the Company. Further, audited financial statements of several subsidiaries and associates of the Company for the year ended March 31, 2019, are not available. Pending completion of such reconciliation and confirmation, the management has not made any adjustments that may be required to these financial statements.

The Company had placed a fixed deposit with IndusInd Bank amounting to Rs 2,500 million which was scheduled for maturity in September 2018. On September 24, 2018 IndusInd Bank had set off the above fixed deposit along with accrued interest aggregating to Rs 2,513 million towards the obligation payable by IL&FS Transportation Networks Limited (ITNL) to IndusInd Bank. Pursuant to the above set off the Company has reclassified the above amount as receivable from ITNL instead of Bank Balance. The Company is following up with ITNL for documentation of the above set off and transfer of receivable in the name of ITNL, pending formal documentation and keeping in view classification of ITNL as "Red Entity", the Company has made full provision on the above receivable.

(13) Disclosures required by Schedule III, IND AS and the Reserve Bank of India

Consequent to the matter discussed in Note 1.2, the Company has substantially curtailed its normal business operations, and is currently engaged in the various actions described more fully in the note 1.3. As a result, and further to the matter stated in Note 12, it is not practically possible for management to obtain the necessary information required for making (i) certain disclosures required by the financial reporting framework applicable to the Company including, but not limited to, certain requirements of Schedule III to the Companies Act, Ind-AS, and certain requirements of the RBI Act and Master Directions issued by RBI; and / or (ii) disclosures of corresponding figures for certain items for previous year where current year figures have been disclosed.



Notes to accounts to the financial statements for the year ended March 31, 2019

(14) Non-compliance with laws and regulations

As a consequence of the matter described in Note 1.2 above and various other matters discussed in these financial statements, the Company is not in compliance with certain provisions / requirements of applicable laws and regulations. These include certain requirements of Companies Act, 2013, listing agreement entered into with the stock exchange, and certain regulations of the Reserve Bank of India as applicable to the Company including the matter discussed in note 15 and 16 below.

Where the management has identified any non-compliance subsequent to September 30, 2018, these have been reported or are in the process of being reported to the relevant regulator, and the Company intends to comply with the necessary requirements or further directions at the earliest.

Management is in the process of evaluating the financial and other consequences arising from such non-compliance and of making a comprehensive assessment of other non-compliances, to determine their financial, operating or other consequences, pending which, no adjustments have been made to these financial statements.

(15) Reserve Bank of India's Inspection of March 31, 2018

The Reserve Bank of India ("RBI") has carried out an inspection of Company under Section 45 IA / 45N of the Reserve Bank of India Act, 1934 with reference to its financial position as on March 31, 2018. The RBI has observed wide divergences in reported net-worth and the net-worth assessed by the RBI, non-performing assets and cases of fraud. The company has made additional Impairment provision's on loans and investments specified by RBI in their inspection report dated March 22, 2019 except in case of loan advanced to one party with net carrying value of Rs. 67.50 mn as on March 31, 2019 and investment in a Property to the tune of Rs. 3,765.17 mn net carrying value as on March 31, 2019 as the management believes that the amount is recoverable / realizable.

(16) Investigations by SFIO and other regulatory agencies

The MCA, Government of India, has vide its letter dated October 1, 2018 initiated investigation by the SFIO against IL&FS and its group companies under Section 212 (1) of the Companies Act, 2013. As a part of its investigation, SFIO has been seeking information from the Company on an ongoing basis. The investigation is in progress and the Company is fully cooperating with the investigating agencies. Further, various other regulatory and law enforcement agencies including the Enforcement Directorate (ED) have initiated investigations against the Company.

SFIO and Enforcement Directorate have served their reports to the company. The implications if any, arising from aforesaid developments would be known only after the aforesaid matters are concluded and hence are not determinable at this stage.

(17) Going concern assumption used for the preparation of these financial statements

The Company and the IL&FS group in general are undergoing substantial financial stress as at March 31, 2019. The Company has incurred a loss (including other comprehensive income) of Rs 1,32,767.05 million for the year ended March 31, 2019 and has net liabilities of Rs 1,66,357.28 million as at March 31, 2019. The Company has also suffered consistent downgrades in its credit ratings during the year, in September 2018, and was reduced to 'default grade' subsequent to the defaults in repayment of loans taken by the Company details of which are discussed in Note 45.5 Further, the Company has, as at March 31, 2019, breached its conditions for holding a Certificate of Registration as a Non-Banking Finance Company (NBFC), issued by the Reserve Bank of India. As a result of the foregoing, the Company's ability to raise funds has been substantially impaired, with normal business operations being substantially curtailed.

As indicated in Note 1.3, there has been a resolution process run by the IL&FS Board of Directors. The resolution plan seeks a transparent resolution keeping in mind larger public interest, financial stability, legality, various stakeholders' interest and commercial feasibility. The resolution plan of management includes sale of entities / assets wherever possible and the Company is taking active steps to monetize its assets and is in discussions with multiple parties to sell its assets. The Company is committed to taking necessary steps to meet its financial commitments to the extent possible.

During the year, IL&FS has also engaged an independent third party as resolution advisors, to assess the liquidity at the company and at various group companies in India. As a result, the companies in the IL&FS group have been classified into



Notes to accounts to the financial statements for the year ended March 31, 2019

three categories as more fully discussed and disclosed in Note 1.3 to these financial statements. These classifications reflect the ability of the companies to pay their financial and operations creditors from their operations in normal course of business, and are subject to periodic assessment and review by the management and the Board and with the results being submitted to the National Company Law Tribunal, the last of which have been submitted on August 9, 2019.

The ability of the Company to continue as a going concern is predicated upon its ability to monetize its assets, and restructure / settle its liabilities. In view of actions that are currently underway, the accompanying financial statements have been prepared on going concern basis based on cumulative impact of certain steps taken by the New Board of IL&FS.

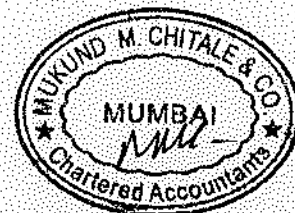
(18) Cash and Cash Equivalents

		(Rs in million)		
		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
I.	Cash on hand	-	-	-
	Cheques and drafts in hand	12.43	113.46	1,926.21
II.	Balances with Banks			
	(a) In Current Accounts	171.61	2,924.20	21,593.76
	(b) In Fixed Deposit	9,465.00	3,499.98	5,586.21
	(c) In Certificate of Deposits	-	1,452.62	-
	Total (I and II)	9,649.04	7,990.26	29,106.18

(19) Bank Balance other than 18.(II) above

		(Rs in million)		
		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
I.	Bank Balance other than (a) above			
	(d) In unclaimed dividend account	0.94	0.48	-
	(e) In Fixed deposit with restriction on withdrawal*	-	2,500.00	-
	Total	0.94	2,500.48	-

*represent fixed deposit of Rs 2,500 mn, where the Bank has a right to adjust against dues of its clients under specific circumstances, the above fixed deposit has been adjusted by Indusind Bank on September 24, 2018



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(20) Derivative Financial Instruments

(Rs in million)

	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
(A) Currency and Interest	-	-	-	-	-	-	375.00	-	13.69
(B) Interest Rate Derivatives	-	-	-	-	-	-	-	-	-
(C) Equity linked derivatives	3,689.23	60.16	-	4,682.47	1,520.78	-	4,316.59	572.71	12.80
(D) Credit derivatives	-	-	-	-	-	-	-	-	-
Total E= (A)+(B)+(C)+(D)	3,689.23	60.16	-	4,682.47	1,520.78	-	4,691.59	572.71	26.49
Held for hedging									
(F) Cash flow hedge:									
Interest Rate Swaps	-	-	-	-	-	-	375.00	-	13.69
(G) Undesignated	3,689.23	60.16	-	4,682.47	1,520.78	-	4,316.59	572.71	12.80
Total H = (F+G)	3,689.23	60.16	-	4,682.47	1,520.78	-	4,691.59	572.71	26.49



Notes to accounts to the financial statements for the year ended March 31, 2019

(21) Receivables

(Rs in million)

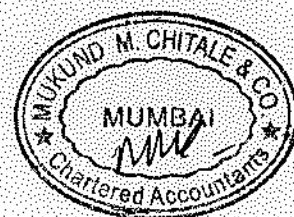
		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(a)	Receivable considered good, Secured; Less: Loss Allowance	- -	- -	- -
(b)	Receivable considered good, Unsecured; Less: Loss Allowance	2.73 -	964.15 (46.66)	1,203.98 (58.11)
(c)	Receivable which have significant Increase in credit risk Less: Loss Allowance	- -	- -	- -
(d)	Receivables-Credit Impaired Less: Loss Allowance	1,467.38 (1,467.38)	623.60 (623.60)	236.97 (236.97)
	Total	2.73	917.49	1,145.87
(e)	The receivables Includes dues from related parties:			
	Gross carrying amount	1,470.11	1,503.67	1,114.01
	Less: Expected Credit Loss Allowance	1,467.38	635.58	232.81
	Net Carrying amount	2.73	868.09	881.20

21.1 Past Due analysis of Receivables and Loss allowance

Loss allowance on receivable has been provided using Provision matrix using practical expedient in the absence of default history. The provision held on the trade receivable represents lifetime loss allowance set out in the table below:

(Rs in million)

	Not Due	0-90 Days	91-365 Days	Total
Lifetime loss allowance>	0%	5%	100%	
As at March 31, 2019				
Gross Amount	2.73	-	1,467.38	1,470.11
Loss Allowance	-	-	1,467.38	1,467.38
Net Amount	2.73	-	-	2.73
As at March 31, 2018				
Gross Amount	30.98	933.17	623.60	1,587.75
Loss Allowance	-	46.66	623.60	670.26
Net Amount	30.98	886.51	-	917.49
As at March 31, 2017				
Gross Amount	41.81	1,162.17	236.97	1,440.95
Loss Allowance	-	58.11	236.97	295.08
Net Amount	41.81	1,104.06	-	1,145.87



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

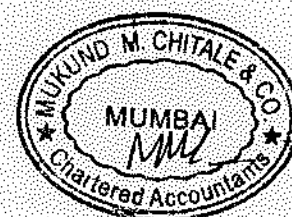
(22) Loans

(Rs in million)

	As on March 31, 2019			As on March 31, 2018			As on March 31, 2017		
	Amortized cost	At Fair Value Through other comprehensive Income	Total	Amortized cost	At Fair Value Through other comprehensive Income	Total	Amortized cost	At Fair Value Through other comprehensive Income	Total
By Nature									
Bills Purchased and Bills Discounted	-	-	-	-	-	-	-	-	-
Loans repayable on Demand	-	-	-	-	-	-	-	-	-
Loans to Private Sector	129,452.20	1,311.70	130,763.90	144,601.41	1,311.36	145,912.77	114,684.71	2,561.10	117,245.81
Leasing	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Others	-	-	-	6,701.93	-	6,701.93	6,198.66	-	6,198.66
Gross Carrying Amount	129,452.20	1,311.70	130,763.90	151,303.34	1,311.36	152,614.70	120,883.37	2,561.10	123,444.47
Less: Loss allowance	118,087.94	1,311.70	119,399.64	28,260.11	-	28,260.11	27,598.30	-	27,598.30
Net Carrying Amount	11,364.26	-	11,364.26	123,043.23	1,311.36	124,354.59	93,285.07	2,561.10	95,846.17
By Security									
Secured by tangible assets (refer note 1)	95,692.31	1,311.70	97,004.01	109,667.56	1,311.36	110,978.92	82,754.86	-	82,754.86
Unsecured (refer note 2)	33,759.89	-	33,759.89	41,635.78	-	41,635.78	38,128.51	2,561.10	40,689.61
Gross Carrying Amount	129,452.20	1,311.70	130,763.90	151,303.34	1,311.36	152,614.70	120,883.37	2,561.10	123,444.47
Less: Loss allowance	118,087.94	1,311.70	119,399.64	28,260.11	-	28,260.11	27,598.30	-	27,598.30
Net Carrying Amount	11,364.26	-	11,364.26	123,043.23	1,311.36	124,354.59	93,285.07	2,561.10	95,846.17
By Borrower Category									
Public Sectors	-	-	-	-	-	-	-	-	-
Others in India	129,452.20	1,311.70	130,763.90	151,303.34	1,311.36	152,614.70	120,883.37	2,561.10	123,444.47
Gross Carrying Amount	129,452.20	1,311.70	130,763.90	151,303.34	1,311.36	152,614.70	120,883.37	2,561.10	123,444.47
Less: Loss allowance	118,087.94	1,311.70	119,399.64	28,260.11	-	28,260.11	27,598.30	-	27,598.30
Net Carrying Amount	11,364.26	-	11,364.26	123,043.23	1,311.36	124,354.59	93,285.07	2,561.10	95,846.17
The loan balance includes dues from related parties as below:									
Gross Carrying amount	53,533.14	1,311.70	54,844.84	57,086.09	1,311.36	58,397.45	33,687.13	1,045.81	34,732.94
Less: Loss allowance	51,253.67	1,311.70	52,565.37	4,578.03	-	4,578.03	3,072.95	-	3,072.95
Net Carrying amount	2,279.47	-	2,279.47	52,508.06	1,311.36	53,819.42	30,614.18	1,045.81	31,659.99

Note 1: Security against loan generally includes pledge of listed shares, unlisted shares, Mortgage of real estate and Hypothecation of movable and immovable assets

Note 2: Unsecured loan as on March 31, 2019 includes loans which are contractually unsecured or where security creation has not been done



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

22.1 Loans at amortized cost

(Rs in million)

	Stage 1		Stage 2		Stage 3		Total	
	Exposure	Loss Allowance	Exposure	Loss Allowance	Exposure	Loss Allowance	Exposure	Loss Allowance
As on March 31, 2019	4,804.45	1,009.75	351.27	101.21	124,296.48	116,976.98	129,452.20	118,087.94
As on March 31, 2018	92,911.97	4,172.35	35,891.52	11,041.80	22,499.85	13,045.96	151,303.34	28,260.11
As on April 01, 2017	67,569.01	2,743.04	24,424.17	8,101.58	28,890.19	16,753.68	120,883.37	27,598.30

22.2 Reconciliation of loss allowance for loans at amortised cost

(Rs in million)

	Gross Carrying Amount			Loss Allowance		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
As on March 31, 2017	67,569.01	24,424.17	28,890.19	2,743.04	8,101.58	16,753.68
Trf of Financial Assets						
Stage 1 to Stage 2	(6,618.66)	6,618.66	-	(2,006.88)	2,006.88	-
Stage 1 to Stage 3	(1,049.38)	-	1,049.38	(577.16)	-	577.16
Stage 2 to Stage 3	-	(5,970.42)	5,970.42	-	(3,290.82)	3,290.82
Stage 3 to Stage 1	4,496.25	-	(4,496.25)	227.15	-	(227.15)
Stage 3 to Stage 2	-	423.41	(423.41)	-	178.33	(178.33)
Stage 2 to Stage 1	2,301.14	(2,301.14)	-	103.89	(103.89)	-
Remeasurement of loss allowance	-	-	-	3,682.31	4,149.72	(7,170.22)
New asset purchase/(derecognised)	26,213.61	12,696.84	(8,490.48)	-	-	-
As on March 31, 2018	92,911.97	35,891.52	22,499.85	4,172.35	11,041.80	13,045.96
Trf of Financial Assets						
Stage 1 to Stage 2	(312.79)	312.79	-	(72.77)	72.77	-
Stage 1 to Stage 3	(69,619.67)	-	69,619.67	(65,825.53)	-	65,825.53
Stage 2 to Stage 3	-	(29,470.44)	29,470.44	-	(27,881.67)	27,881.67
Stage 3 to Stage 1	93.51	-	(93.51)	16.27	-	(16.27)
Stage 3 to Stage 2	-	423.41	(423.41)	-	178.33	(178.33)
Stage 2 to Stage 1	278.89	(278.89)	-	61.94	(61.94)	-
Remeasurement of loss allowance	-	-	-	62,657.49	16,751.92	10,418.42
New asset purchase / (de-recognised)	(18,547.47)	(6,527.12)	3,223.44	-	-	-
As on March 31, 2019	4,804.45	351.27	124,296.48	1,009.75	101.21	116,976.98



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(23) Investments

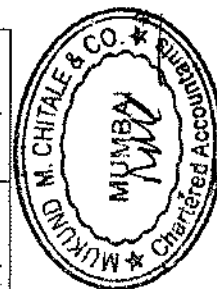
(Rs in million)

	As at March 31, 2019					
	Amortised cost	Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Others at Cost
Held for trading Investments (Government Securities & Treasury Bills)	-	-	540.67	-	540.67	-
Mutual fund units	-	-	2,901.75	-	2,901.75	-
Other approved securities	-	-	-	-	-	-
Equity instruments	-	-	6,079.26	-	6,079.26	-
Debt securities	5.00	-	-	-	-	-
Subsidiaries	-	-	-	-	-	1,067.28
Associate	-	-	-	-	-	100.00
Joint Venture	-	-	-	-	-	-
Others (Preference share)	1,700.09	-	110.48	-	110.48	-
Units of Other Funds	-	-	1,766.90	-	1,766.90	-
Security Receipts	-	-	-	-	-	-
	1,705.09	-	11,399.06	-	11,399.06	1,167.28
						14,271.43
Overseas Investments	-	-	-	-	-	316.89
Investments in India	1,705.09	-	11,399.06	-	11,399.06	850.39
	1,705.09	-	11,399.06	-	11,399.06	1,167.28
						14,271.43
Less: Impairment Loss Allowance	1,700.09	-	-	-	-	984.96
						2,685.05
Net	5.00	-	11,399.06	-	11,399.06	182.32
						11,586.38



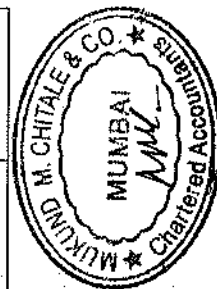
(Rs in million)

	As at March 31, 2018						Others at Cost	Total
	Amortised cost	At Fair Value			Subtotal			
		Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss				
Held for trading investments (Government Securities & Treasury Bills)	-	-	2,227.01	-	-	2,227.01	-	2,227.01
Mutual fund units	-	-	2,635.38	-	-	2,635.38	-	2,635.38
Other approved securities	-	-	-	-	-	-	-	-
Equity instruments	-	-	14,333.17	-	-	14,333.17	-	14,333.17
Debt securities	2,226.63	-	2,349.31	-	-	2,349.31	-	4,575.94
Subsidiaries	-	-	-	-	-	-	1,080.28	1,080.28
Associate	-	-	-	-	-	-	100.00	100.00
Joint Venture	-	-	-	-	-	-	-	-
Others (Preference share)	1,909.53	-	952.42	-	-	952.42	-	2,861.95
Units of Other Funds	-	-	2,222.45	-	-	2,222.45	-	2,222.45
Security Receipts	-	-	-	-	-	-	-	-
	4,136.16	-	24,719.74	-	-	24,719.74	1,180.28	30,036.18
Overseas Investments	-	-	-	-	-	-	316.89	316.89
Investments in India	4,136.16	-	24,719.74	-	-	24,719.74	863.39	29,719.29
	4,136.16	-	24,719.74	-	-	24,719.74	1,180.28	30,036.18
Less: Impairment Loss Allowance	332.32	-	-	-	-	-	-	332.32
Net	3,803.84	-	24,719.74	-	-	24,719.74	1,180.28	29,703.86



(Rs in million)

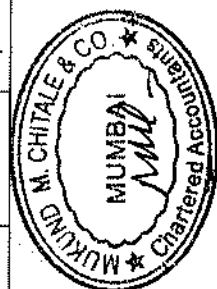
	As at April 01, 2017					Total
	Amortised cost	At Fair Value			Others at Cost	
		Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss		
Held for trading Investments (Government Securities & Treasury Bills)	-	-	1,195.14	-	1,195.14	1,195.14
Mutual fund units	-	-	2,141.76	-	2,141.76	2,141.76
Other approved securities	-	-	-	-	-	-
Equity instruments	-	-	12,685.76	-	12,685.76	12,685.76
Debt securities	3,719.72	-	253.57	-	253.57	3,973.29
Subsidiaries	-	-	-	-	-	1,176.10
Associate	-	-	-	-	-	100.00
Joint Venture	-	-	-	-	-	-
Others (Preference share)	2,103.21	-	-	-	-	2,103.21
Units of Other Funds	-	-	2,340.65	-	2,340.65	2,340.65
Security Receipts	-	-	-	-	-	-
	5,822.93	-	18,616.88	-	18,616.88	25,715.91
Overseas Investments	-	-	-	-	-	316.89
Investments in India	5,822.93	-	18,616.88	-	18,616.88	25,399.02
	5,822.93	-	18,616.88	-	18,616.88	25,715.91
Less: Impairment Loss Allowance	373.03	-	-	-	-	373.03
Net	5,449.90	-	18,616.88	-	18,616.88	25,342.88



23.1 Investment at Cost

(Rs in million)

Particulars	Face Value	March 31, 2019			March 31, 2018			April 01, 2017	
		Qty	Cost	Impairment Loss Allowance	Qty	Cost	Impairment Loss Allowance	Qty	Deemed Cost
In Subsidiaries									
<u>Equity Shares</u>									
IL&FS Global Financial Services Pte Ltd	SD 1	3,050,001	122.12	(122.12)	3,050,001	122.12	-	3,050,001	122.12
IL&FS Global Financial Services (UK) Ltd	GBP 1000	400,001	30.25	(30.25)	400,001	30.25	-	400,001	30.25
IL&FS Global Financial Services (ME) Ltd	USD 1	800,000	35.94	(35.94)	800,000	35.94	-	800,000	35.94
IL&FS Global Financial Services (HK) Ltd	HKD 1	1,725,000	128.59	(128.59)	1,725,000	128.59	-	1,725,000	128.59
IL&FS Capital Advisors Limited	1	10,000,000	0.55	(0.55)	10,000,000	6.86	-	10,000,000	100.00
IL&FS Broking Services Private Limited	10	5,000,000	-	-	5,000,000	-	-	3,800,000	-
<u>In Preference Shares</u>									
IL&FS Broking Services Private Limited (Series B)	100	2,252,000	100.00	(17.67)	2,252,000	100.00	-	2,252,000	100.00
IL&FS Broking Services Private Limited (Series A)	100	269,600	-	-	269,600	-	-	269,600	-
<u>In Units</u>									
IL&FS IDC Fund	1,000,000	588	649.84	(649.84)	590	656.52	-	592	659.20
IL&FS Investment Trust - IV (PTC - II)	1	100,780	-	-	100,780	-	-	100,780	-
IL&FS Investment Trust - IV (PTC - Series I)	1	44,265,406	-	-	44,265,406	-	-	44,265,406	-
			1,067.28	984.96		1080.28	-		1,176.10
In Associate									
<u>In Equity Shares</u>									
Syniverse Technologies (India) Pvt Ltd	10	5,200	0.05	-	5,200	0.05	-	5,200	0.05
<u>In Preference Shares</u>									
Syniverse Technologies (India) Pvt Ltd (Series B)	10	4,800	0.05	-	4,800	0.05	-	4,800	0.05
Syniverse Technologies (India) Pvt Ltd (Series D)	1,000	99,900	99.90	-	99,900	99.90	-	99,900	99.90
			100.00	-		100.00	-		100.00
Total			1,167.28	984.96		1,180.28	-		1,276.10

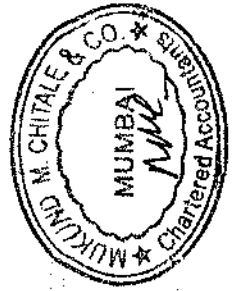


IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

23.2 Investment at fair value through profit and loss

Particulars	March 31, 2019		March 31, 2018		April 01, 2017	
	Face Value	Quantity	Fair Value	Quantity	Fair Value	Fair Value
Mutual Funds Units						
IL&FS Infrastructure Debt Fund Series 2-C	1,000,000	900	893.14	900	804.46	716.05
IL&FS Infrastructure Debt Fund Series 1-C	1,000,000	370	634.49	370	573.65	600.32
IL&FS Infrastructure Debt Fund Series 2-B	1,000,000	400	408.01	400	363.75	322.94
IL&FS Infrastructure Debt Fund Series 1-A	1,000,000	250	329.30	250	383.95	343.30
IL&FS Infrastructure Debt Fund Series 3-B	1,000,000	250	273.33	-	-	-
IL&FS Infrastructure Debt Fund Series 1-B	1,000,000	108	183.80	108	166.62	149.13
IL&FS Infrastructure Debt Fund Series 3-A	1,000,000	151	169.67	180	182.82	-
HDFC Debt Fund For Cancer Cure 2014	10	1,000,000	10.01	1,000,000	10.03	10.02
Mirae Asset Cash Management Fund-Direct Plan-Growth	1,000	-	-	27,304	50.03	-
Principal Cash Management Fund Liquid-IPG	1,000	-	-	59,129	100.07	-
			2,901.75		2,635.38	2,141.76
Government Securities/T Bills (Held for trading)						
182 DTB 16-05-2019	100,000	1,971	197.14	-	-	-
182 DTB 23-05-2019	100,000	1,967	196.67	-	-	-
364 DTB 11-07-2019	100,000	1,469	146.86	-	-	-
7.80% GOI 2020 (MTY: 03-MAY-2020)	100	-	-	2,500,000	256.55	-
6.35% GOI 2020 (MTY 2-JAN-2020)	100	-	-	4,000,000	395.32	-
6.79% GOI 2027 (MTY 15-05-2027)	100	-	-	3,500,000	332.60	-
6.68% GOI 2031 (MTY: 17-SEP-2031)	100	-	-	1,000,000	92.36	-
7.17% GOI 2028 (MTY: 08-JAN-2028)	100	-	-	6,000,000	590.52	-
7.72% GOI 2025 (MTY: 25-05-2025)	100	-	-	1,500,000	151.50	312.39
7.88% GOI 2030 (MTY: 19-MAR-2030)	100	-	-	-	-	261.25
7.68% GOI 2023 (MTY: 15-DEC-2023)	100	-	-	-	-	260.40
7.59% GOI 2029 (MTY: 20-MARCH-2029)	100	-	-	-	-	102.15
7.59% GOI 2026 (MTY: 11-JAN-2026)	100	-	-	1,000,000	99.70	-
7.61% GOI 2030 (MTY: 09-May-2030)	100	-	-	-	-	258.95
8.27% GOI 2020 (Mty 9-June-2020)	100	-	-	3,000,000	308.46	-
			540.67		2,227.01	1,195.14



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

Particulars	March 31, 2019		March 31, 2018		April 01, 2017	
	Face Value	Quantity	Fair Value	Quantity	Fair Value	Quantity
Equity Instruments						
In Equity Shares						
ONGC Tripura Power Company Private Ltd.	10	156,465,672	1,836.62	156,465,672	3,600.00	-
Gujarat Road and Infrastructure Company Limited	10	9,188,846	1,055.89	9,188,846	1,450.00	-
Reliance Naval and Engineering Limited	10	42,485,397	459.69	30,211,132	832.32	12,985,000
Pipavav Railway Corporation Limited	10	12,000,000	437.64	12,000,000	540.00	-
Tidel Park Ltd	10	2,000,000	350.45	2,000,000	295.95	2,000,000
Unitech Ltd.	2	146,921,781	204.23	-	-	22,100,000
Parsvnath Developers Ltd	5	17,519,301	107.22	13,108,215	196.62	11,610,000
National Institute for Smart Government	100	50,000	77.75	50,000	-	50,000
PlanetCast Media Services Ltd	10	386,000	75.37	386,000	93.80	386,000
John Energy Limited	10	579,830	73.74	579,830	463.30	579,830
Metropolitan Stock Exchange of India Ltd	1	91,944,627	67.87	91,944,627	150.51	91,944,627
Skill Infrastructure Ltd	10	4,998,485	58.68	-	-	-
Tamil Nadu Urban Infrastructure Financial Services Ltd	10	170,014	56.75	170,014	51.13	170,014
Ahmedabad Stock Exchange Ltd	10	331,800	42.97	331,800	19.24	331,800
Reliance Defence & Engineering Limited	10	3,643,387	39.42	3,643,387	100.38	12,617,254
Dena Bank	10	303,040	39.03	7,871,643	148.38	-
Adhunik Metaliks Ltd	10	13,951,587	38.37	14,881,563	52.38	2,292,240
Metropolitan Stock Exchange of India Ltd (Put Option)	1	27,165,000	20.05	27,165,000	44.47	27,165,000
IFCI Venture Capital Funds Ltd	10	250,000	6.21	250,000	20.72	250,000
Kakinada SEZ Private Ltd	10	507,055	2.11	507,055	4.53	507,055
Tamil Nadu Urban Infrastructure Trustee Co Ltd	10	17,014	0.19	17,014	0.18	17,014
Greenwillow Home Pvt Ltd.	10	1,900	0.02	1,900	0.02	-
Era Infra Engineering Ltd	2	14,040,000	-	14,040,000	-	14,040,000
A2Z Infra Engineering Ltd	10	-	-	-	-	7,478,000
IL&FS Engineering & Construction Co. Ltd	10	27,914,641	-	27,913,641	815.08	27,913,641
						1,512.92



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

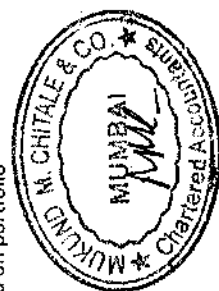
Particulars	March 31, 2019		March 31, 2018		April 01, 2017	
	Face Value	Quantity	Fair Value	Quantity	Fair Value	Fair Value
IL&FS Transportation Networks Ltd	10	4,266,368	-	4,266,368	259.18	466.74
Allen Scott Industries Ltd	10	149,300	-	149,300	-	-
Microland Ltd	1	2,000,000	-	2,000,000	-	-
Petronet India Ltd	10	10,000,000	-	10,000,000	-	-
Petronet VK Ltd	10	5,000,000	-	5,000,000	-	-
Petronet MHB Ltd	10	39,920	-	39,920	-	-
Samudra Shoes Ltd	10	337,500	-	337,500	-	-
Triton Overwater Transport Agency Ltd	10	498,000	-	498,000	-	-
Champion Agro Ltd	10	162,200	-	162,200	-	-
Vandana Vidyut Ltd	10	5,692,430	-	5,692,430	-	-
Reid & Taylor India Ltd	10	24,523,656	-	24,523,656	-	-
ICOMM Tele Ltd	10	13,508,024	-	13,508,024	-	-
Vadraj Cement Ltd	10	56,777,150	-	-	-	-
Dewan Chand Ramsaran Industries Pvt Ltd	10	278,125	-	278,125	-	-
Tata Teleservices Limited	10	78,500,000	-	78,500,000	78.50	1,208.12
A2Z Green Waste Management Ltd	10	10,031,013	-	10,031,013	-	-
S. Kumars Nationwide Ltd	10	22,058,769	-	22,058,769	-	-
Proprietary Portfolio *	-	-	-	-	1,232.86	1,330.35
Sun Earth Ceramics Limited	10	1,291,625	-	1,291,625	-	-
<u>In Private Equity Fund</u>						
Infrastructure Leasing & Financial Services Realty Fund	100,000	4,339	422.35	4,791	467.90	605.84
Tara India Fund IV Trust (Preferred) (Class A)	1,000,000	355	323.03	298	265.40	70.31
IFIN Realty Trust (Class A)	1,000,000	517	164.75	693	341.08	658.60
Pan Asia Project Development Fund India (Class A)	100	812,598	91.28	812,598	89.89	133.20
Tara India Fund-III Class A Units	1,000,000	248	27.56	669	430.14	442.48
IL&FS Infrastructure Equity Fund-1 (P Units)	1,000	669,383	-	1,829,000	2,281.07	2,245.00
IL&FS Milestone Fund	1,000	2,889	-	2,889	2.89	1.94
Leverage India Fund (Class E)	1,000	5,419	-	51,125	5.25	71.25
Tara India Fund-III Class D Units	1,000,000	-	-	-	-	19.13
			6,079.26		14,333.17	12,685.76



Notes to accounts to the financial statements for the year ended March 31, 2019

Particulars	Face Value	March 31, 2019		March 31, 2018		April 01, 2017	
		Quantity	Fair Value	Quantity	Fair Value	Quantity	Fair Value
Preference Shares							
McNally Bharat Engg Co Ltd (Stage 2) Security cover	10	16,129,000	110.48	16,129,000	952.42		
Bermaco Integrated Green Power Projects Private Limited	10	81,800,000	-	-	-	-	-
IL&FS Engineering & Construction Company Limited	10	-	-	-	-	-	-
			110.48		952.42		
Convertible Debentures							
Siva Green Power Projects India Private Limited	10,000,000	190	-	190	299.21	190	253.57
A2Z Green Waste Management Ltd (Deb)		-	-	-	-	20	-
Last Mile Online Limited	10,000,000	68	-	68	356.02	-	-
KVK Energy & Infrastructure Pvt Ltd	1,000,000	585	-	585	609.49	-	-
Chennai Super Kings Cricket Limited	1,000,000	-	-	650	613.94	-	-
Indus Equicap Consultancy Private Limited	10,000,000	44	-	44	470.65	-	-
Nysa Marine Services Private Limited	10,000,000	233	-	-	-	-	-
Pochampally Handloom Park Ltd	100,000	301	-	301	-	226	-
Pochampally Handloom Park Ltd-2	100,000	451	-	451	-	526	-
			-		2,349.31		253.57
Units of Other Funds							
Rajasthan Project Development Fund	1,000	451	-	451	-	451	-
Tamilnadu Urban Development Fund	100,000	1,664	166.45	1,664	166.45	1,664	166.45
Maytas Investment Trust (Series IV)	1,000	1,635,367	1,600.45	1,635,367	1,634.76	1,635,367	1,728.74
Maytas Investment Trust (Series VI)	1,000	421,400	-	421,400	421.24	421,400	445.46
			1,766.90		2,222.45		2,340.65
Security Receipt							
JM Financial Asset Reconstruction Company Private Limited	1,000	19,295	-	19,295	-	19,295	-
			11,399.04		24,719.75		18,616.88

* Proprietary portfolio consist of listed and quoted financial instruments managed by IL&FS Portfolio Managers Limited (IPoMSL), since the instruments are managed on portfolio basis the fair valuation gain/(loss) is also recognised on portfolio basis



Notes to accounts to the financial statements for the year ended March 31, 2019

		As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face value	Quantity	Amortised Cost	Loss Allowance	Quantity	Amortised Cost	Loss Allowance	Quantity	Amortised Cost	Loss Allowance
In Debentures										
Ablitech Developers Private Ltd	1000	5,000	5.00	-	1,000	250.00	12.31	1,000	1,750.00	76.24
Electrosteel Castings Limited (Series A)	1000	-	-	-	1,250,000	1,231.03	102.06	1,250,000	1,225.28	90.09
Electrosteel Castings Limited (Series B)	1000	-	-	-	750,000	745.60	61.20	750,000	744.45	54.05
In Preference Shares										
IL&FS Transportation Network Ltd	10	80,000,000	1,700.09	1,700.09	90,000,000	1,909.53	156.75	100,000,000	2,103.20	152.65
			1,705.09	1,700.09		4,136.16	332.32		5,822.93	373.03

	Gross Carrying Amount				Loss Allowance		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
As at March 31, 2019	5.00	-	1,700.09	1,705.09	-	-	1,700.09
As at March 31, 2018	4,136.16	-	-	4,136.16	332.32	-	-
As at March 31, 2017	5,822.93	-	-	5,822.93	373.03	-	-

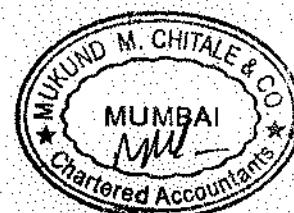


IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(24) Other Financial Assets

	(Rs in million)		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Interest accrued on Fixed Deposit, CDs	47.13	271.82	332.48
Advances to related parties	56.89	88.70	56.66
Margin Money	0.10	0.15	14.95
Option Premium receivable	-	-	3.19
Other Advances/Receivables	0.06	(0.01)	(0.01)
Advance towards Investments [includes an amount for Rs 819.40 million as at March 31, 2019, Rs 260.00 million as on March 31, 2018 and Rs. Nil as on April 01, 2017 due from related parties]	2,184.48	2,439.96	2,794.96
Other Receivable [includes an amount for Rs 3,232.56 million March 31, 2019, Rs. Nil as on March 31, 2018 and Rs. Nil as on April 01, 2017 due from related parties]	3,234.99	16.95	14.74
Total	5,523.65	2,817.57	3,216.97
Less: Impairment Loss allowance [includes an amount for Rs. 4,051.96 million March 31, 2019, Rs. Nil as on March 31, 2018 and Rs. Nil as on April 01, 2017 pertaining to related parties]	5,155.33	42.11	-
	368.32	2,775.46	3,216.97



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(25) Investment Property

25.1 Under Construction Property

(Rs in million)

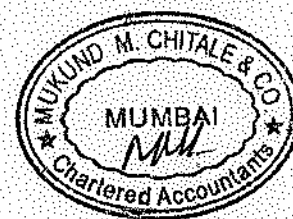
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Gross Carrying Amount	5,656.35	5,367.68	5,367.68
Add: Capitalisation of Registration Charges	-	288.67	-
Less: Impairment	1,891.18	-	-
Net Carrying Amount	3,765.17	5,656.35	5,367.68

25.2 Property under possession

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cost or deemed cost at beginning of year	404.43	404.43	404.42
Additions	766.48	-	-
Disposals	(684.01)	-	-
Balance at end of year (A)	486.90	404.43	404.42
Accumulated depreciation and impairment			
Balance at beginning of year	0.98	-	-
Additions	14.45	0.98	-
Disposals	-	-	-
Impairment losses / (reversals)	241.93	-	-
Balance at end of year (B)	257.36	0.98	-
Carrying amount (A-B)	229.54	403.45	404.42

Grand Total (25.1+25.2)	3,994.71	6,059.80	5,772.10
Fair Value of Investment Property*	3,994.71	6,059.80	5,772.10

*The carrying value of the investment properties approximates the market value or fair value



(26) Property Plant and Equipment

(Rs in million)

	Property	Data Processing Equipment	Electrical Fittings	Furniture and Fixtures	Office Equipment	Lease Improvement	Vehicles	Total	Capital Work-in Progress
Cost / Deemed Cost as at April 01, 2017	9.19	4.88	6.69	16.60	0.08	2.16	-	39.60	
Additions	-	6.84	0.80	3.37	1.41	1.70	44.98	59.10	
Disposals	-	(0.03)	(0.03)	(0.23)	(0.03)	-	-	(0.32)	
Gross Block as at March 31, 2018	9.19	11.69	7.46	19.74	1.46	3.86	44.98	98.38	
Depreciation as at April 01, 2017									
Depreciation for the year	0.18	4.36	1.34	4.31	1.45	1.04	6.78	19.46	
Disposals	-	(0.02)	-	(0.01)	(0.03)	-	-	(0.06)	
Accumulated depreciation as at March 31, 2018	0.18	4.34	1.34	4.30	1.42	1.04	6.78	19.40	
Gross Block as at March 31, 2018	9.19	11.68	7.45	19.74	1.46	3.87	44.97	98.36	
Additions	-	2.01	0.06	0.04	0.55	-	-	2.66	
Disposals	-	(0.48)	(1.87)	(9.52)	(0.22)	(1.94)	(3.17)	(17.20)	
Gross Block as at March 31, 2019	9.19	13.21	5.64	10.26	1.79	1.93	41.80	83.82	
Accumulated Depreciation as at April 01, 2018	0.18	4.34	1.34	4.30	1.42	1.04	6.78	19.40	
Depreciation for the year	0.18	3.95	1.23	2.50	0.51	1.15	8.66	18.18	
Disposals	-	(0.48)	(0.60)	(3.27)	(0.21)	(1.07)	(0.79)	(6.42)	
Accumulated depreciation as at March 31, 2019	0.36	7.81	1.97	3.53	1.72	1.12	14.65	31.16	
Net Carrying Value as on April 01, 2017	9.19	4.88	6.69	16.60	0.08	2.16	-	39.60	6.62
Net Carrying Value as on March 31, 2018	9.01	7.35	6.12	15.44	0.04	2.82	38.20	78.98	6.99
Net Carrying Value as on March 31, 2019	8.83	5.40	3.67	6.73	0.07	0.81	27.15	52.66	5.63

Note: The Company has elected to continue with the carrying value of its property, plant and equipment recognised as of April 01, 2017 (transition date) measured as per previous GAAP and use the carrying value as its deemed cost as on the transition date



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(27) Other Intangible assets (Software)

(Rs in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cost / Deemed Cost at the beginning of the year	15.48	4.75	4.75
Additions	0.83	10.74	-
Disposals	-	(0.01)	-
Cost at the end of the year	16.31	15.48	4.75
Accumulated amortization at beginning of the year	4.83	-	-
Amortization for the year	4.25	4.84	-
Disposals	-	(0.01)	-
Accumulated amortization at the end of the year	9.08	4.83	-
Net carrying amount	7.23	10.65	4.75

Note: The Company has elected to continue with the carrying value of its intangible assets recognised as of April 01, 2017 (transition date) measured as per previous GAAP and use the carrying value as its deemed cost as on the transition date.

(28) Other Non-financial Assets

(Rs in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Rent paid in advance	19.84	36.54	48.52
Prepaid Expenses- Others	34.53	39.06	24.95
Advances to others- Non Financial Assets	163.97	65.94	25.79
Recoverable from Ex-Directors (refer note 43.4)	31.63	-	-
	249.97	141.54	99.26

(29) Payables

(Rs in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(I) Other Payables			
(i) dues of micro enterprises and small enterprises	0.84	-	-
(ii) dues of creditors other than micro enterprises and small enterprises	204.55	342.34	271.81
	205.39	342.34	271.81



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(30) Financial Liabilities - Borrowings

30.1 Debt Securities

Debt Securities at amortised cost

(Rs in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Liability component of compound financial instruments			
Privately placed Bonds/Debentures			
- Secured	35,810.66	34,609.37	29,825.04
- Unsecured	6,411.96	6,136.21	6,130.84
	42,222.62	40,745.58	35,955.88
Debt securities in India	42,222.62	40,745.58	35,955.88
Debt securities outside India	-	-	-
	42,222.62	40,745.58	35,955.88

30.2 Borrowings

Borrowings from Banks and Others at amortised cost

(Rs in million)

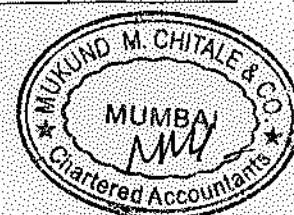
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Term loans			
from banks			
- Secured	83,345.82	79,966.98	76,497.97
- Unsecured	-	500.00	1,000.00
Loans repayable on demand			
from banks	5,317.45	4,477.61	2,557.52
From other	-	-	-
Other loans (CBLO)	-	1,343.53	698.68
	88,663.27	86,288.12	80,754.17
Borrowings in India	88,663.27	86,288.12	80,754.17
Borrowings outside India	-	-	-
	88,663.27	86,288.12	80,754.17

30.3 Deposit

Deposit at amortised cost

(Rs in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Commercial Papers	7,764.58	26,865.65	19,732.50
Inter-Corporate Deposits from others	9,042.16	9,917.80	12,393.12
Inter-Corporate Deposits from related parties	1,270.07	1,951.64	1,184.03
	18,076.81	38,735.09	33,309.65



Notes to accounts to the financial statements for the year ended March 31, 2019

30.4 Subordinated Liabilities

Subordinated Liabilities at amortised cost

	(Rs in million)		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Perpetual Debt (other than those qualify as Equity)	2,121.45	2,024.79	-
Preference Shares (other than those qualify as Equity)	1,902.90	1,975.53	2,434.75
Preference Shares premium redemption reserve	706.56	471.04	235.52
Subordinated Debt (Tier II Capital)	11,677.00	10,303.98	10,303.89
	16,407.91	14,775.34	12,974.16
Subordinated Liabilities In India	16,407.91	14,775.34	12,974.16
Subordinated Liabilities outside India	-	-	-
	16,407.91	14,775.34	12,974.16

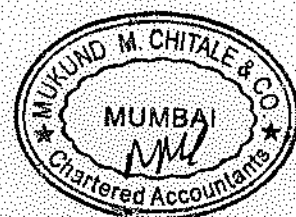
Preference share premium redemption reserve:

The premium payable on redemption of preference share is applied out of preference shares premium. As the preference shares are classified as part of the subordinated liabilities the appropriation out of the preference shares premium is accordingly adjusted as below:

	(Rs in million)
	Amount
Preference Share Premium redemption reserve as on April 01, 2017	235.52
Add: amount transferred from Preference Shares premium	235.52
Preference Share Premium redemption reserve as on March 31, 2018	471.04
Add: amount transferred from Preference Shares premium	235.52
Preference Share Premium redemption reserve as on March 31, 2019	706.56

Note:

- 1 All secured borrowing except CBLO borrowings of the company are covered under *pari-passu* first charge on all the assets excluding own tangible fixed assets and Intangible assets, trading portfolio, Investment In subsidiaries and affiliates, tax assets, deferred tax assets and unamortized expenses.
- 2 CBLO borrowings are secured by Government securities held as part of investment portfolio
- 3 The Company has not classified or designated any of its financial liabilities at fair value through profit or loss account (FVTPL)



Maturity Details of Borrowings

As on March 31, 2019

(Rs in million)

Maturity Month	Borrowings		Debt securities			Deposits		Subordinated liabilities		Total
	8-10%	Above 10%	Below 8%	8%-10%	Above 10%	Below 8%	8%-10%	8%-10%	Above 10%	
Sep-2018	4,283.30	250.00	-	1,500.00	1,750.00	2,300.00	4,200.00	-	-	14,283.30
Oct-2018	1,050.00	-	-	-	-	-	2,650.00	-	-	3,700.00
Nov-2018	2,500.00	-	-	-	-	50.00	4,500.00	-	-	7,050.00
Dec-2018	5,613.30	750.00	-	150.00	-	17.50	450.00	-	-	6,980.80
Jan-2019	250.00	-	-	1,075.00	-	3.89	505.00	-	-	1,833.89
Feb-2019	500.00	-	-	-	-	-	1,362.50	-	-	1,862.50
Mar-2019	4,951.50	1,000.00	-	620.00	-	-	360.00	-	-	6,931.50
Apr-2019	750.00	-	-	-	-	-	38.00	-	-	788.00
May-2019	500.00	-	-	500.00	-	-	2.54	-	-	1,002.54
Jun-2019	83.40	500.00	-	200.00	-	-	205.54	-	-	988.94
Jul-2019	750.00	250.00	-	2,530.00	-	-	1,040.00	-	-	4,570.00
Aug-2019	375.00	-	-	372.50	-	-	-	-	-	747.50
Sep-2019	4,533.40	250.00	-	2,000.00	-	-	-	-	-	6,783.40
Oct-2019	1,050.00	-	-	-	-	-	-	-	-	1,050.00
Nov-2019	1,750.00	-	-	1,000.00	-	-	-	-	-	2,750.00
Dec-2019	1,708.40	-	-	-	-	-	-	-	-	1,708.40
Jan-2020	500.00	-	-	-	-	-	-	-	-	500.00
Feb-2020	2,997.50	-	-	-	-	-	-	-	-	2,997.50
Mar-2020	1,583.40	5,793.65	-	-	-	-	-	-	-	7,377.05
May-2020	2,500.00	-	-	-	-	-	-	-	-	2,500.00
Jun-2020	1,527.63	-	-	-	-	-	-	-	-	1,527.63
Jul-2020	2,250.00	250.00	-	-	-	-	-	-	-	2,500.00
Aug-2020	750.00	-	-	-	-	-	-	-	-	750.00
Sep-2020	5,875.00	250.00	-	-	-	-	-	-	-	6,125.00



Notes to accounts to the financial statements for the year ended March 31, 2019

Maturity Month	Borrowings		Debt securities			Deposits			Subordinated liabilities		Total
	8-10%	Above 10%	Below 8%	8%-10%	Above 10%	Below 8%	8%-10%	Above 10%	8%-10%	Above 10%	
Oct-2020	1,500.00	-	-	-	-	-	-	-	-	-	1,500.00
Nov-2020	3,250.00	-	-	-	-	-	-	-	-	-	3,250.00
Dec-2020	4,375.00	-	-	-	-	-	-	-	-	-	4,375.00
Jan-2021	1,000.00	-	-	-	-	-	-	-	-	-	1,000.00
Feb-2021	500.00	-	-	-	-	-	-	-	-	-	500.00
Mar-2021	2,375.00	-	-	1,130.00	-	-	-	-	-	2,427.59	5,932.59
May-2021	500.00	-	-	-	-	-	-	-	-	-	500.00
Jun-2021	1,000.00	-	-	2,590.00	-	-	-	-	-	-	3,590.00
Jul-2021	500.00	-	-	750.00	-	-	-	-	-	-	1,250.00
Aug-2021	375.00	-	-	1,250.00	-	-	-	-	-	-	1,625.00
Sep-2021	1,250.00	-	-	1,000.00	-	-	-	-	-	-	2,250.00
Oct-2021	1,500.00	-	-	-	-	-	-	-	-	-	1,500.00
Dec-2021	500.00	-	-	3,000.00	-	-	-	-	-	2,000.00	5,500.00
Jan-2022	2,000.00	-	-	-	-	-	-	-	-	-	2,000.00
Feb-2022	1,250.00	-	-	-	-	-	-	-	-	-	1,250.00
Mar-2022	1,250.00	-	-	-	-	-	-	-	-	2,000.00	3,250.00
Apr-2022	1,200.00	-	-	-	-	-	-	-	-	-	1,200.00
Jun-2022	-	-	-	1,500.00	-	-	-	-	-	2,000.00	3,500.00
Jul-2022	-	-	-	500.00	-	-	-	-	-	-	500.00
Aug-2022	-	-	400.00	-	-	-	-	-	-	-	400.00
Sep-2022	250.00	-	1,000.00	500.00	-	-	-	-	-	-	1,750.00
Nov-2022	-	-	-	-	-	-	-	-	1,000.00	-	1,000.00
Jan-2023	500.00	-	-	-	-	-	-	-	-	-	500.00
Feb-2023	1,250.00	-	-	-	-	-	-	-	1,000.00	-	2,250.00
Mar-2023	1,000.00	-	-	2,580.00	-	-	-	-	-	-	3,580.00
Apr-2023	1,200.00	-	-	-	-	-	-	-	-	-	1,200.00
Jun-2023	-	-	-	410.00	-	-	-	-	-	-	410.00
Jul-2023	-	-	-	500.00	-	-	-	-	-	-	500.00
Dec-2023	-	-	-	1,000.00	-	-	-	-	-	-	1,000.00



Notes to accounts to the financial statements for the year ended March 31, 2019

Maturity Month	Borrowings			Debt securities			Deposits			Subordinated liabilities			Total
	8-10%	Above 10%	Below 8%	Below 8%	8%-10%	Above 10%	Below 8%	8%-10%	Above 10%	8%-10%	Above 10%		
Apr-2024	1,200.00	-	-	-	-	-	-	-	-	-	-	-	1,200.00
Jun-2024	-	-	-	-	1,000.00	-	-	-	-	-	-	-	1,000.00
Jul-2024	-	-	-	-	470.00	-	-	-	-	-	-	-	470.00
Aug-2024	-	-	-	-	60.00	-	-	-	-	-	-	-	60.00
Sep-2024	-	-	-	-	-	-	-	-	-	-	-	-	850.00
Apr-2025	-	-	-	850.00	-	-	-	-	-	-	-	-	1,000.00
May-2025	-	-	-	-	1,000.00	-	-	-	-	-	-	-	1,000.00
Jan-2026	-	-	-	-	-	-	-	-	-	-	-	-	350.00
Mar-2026	-	-	-	-	-	-	-	-	-	350.00	-	-	1,860.00
Aug-2026	-	-	-	-	1,210.00	-	-	-	-	650.00	-	-	1,600.00
Sep-2026	-	-	-	-	1,600.00	-	-	-	-	-	-	-	2,350.00
Dec-2026	-	-	-	-	1,350.00	-	-	-	-	1,000.00	-	-	500.00
Feb-2027	-	-	-	-	500.00	-	-	-	-	-	-	-	500.00
Apr-2027	-	-	-	-	500.00	-	-	-	-	-	-	-	1,000.00
Dec-2027	-	-	-	-	1,000.00	-	-	-	-	1,000.00	-	-	1,000.00
Mar-2028	-	-	-	-	-	-	-	-	-	1,000.00	-	-	1,000.00
Apr-2028	-	-	-	-	-	-	-	-	-	1,000.00	-	-	1,000.00
	78,356.83	9,293.65	2,250.00	36,347.50	1,750.00	2,371.39	15,313.58	7,000.00	8,427.59				161,110.54
Accrued Interest	1,037.07			2,105.02			625.23		951.44				4,718.76
Effect of amortization	(24.28)			(229.90)			(233.39)		28.88				(458.69)
Total	88,663.27			42,222.62			18,076.81		16,407.91				165,370.61



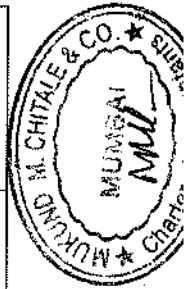
(Rs in million)

Maturity Month	Borrowings			Debt securities			Deposits			Subordinated liabilities			Total
	Below 8%	8%-10%	Above 10%	Below 8%	8%-10%	Above 10%	Below 8%	8%-10%	Above 10%	8%-10%	Above 10%		
Apr-2018	-	500.00	-	-	-	-	2,681.92	7,500.00	-	-	-	-	10,681.92
May-2018	-	-	250.00	-	-	-	4,038.87	2,000.00	-	-	-	-	6,288.87
Jun-2018	1,343.54	850.80	-	-	750.00	-	1,094.21	12,310.00	-	-	-	-	16,348.55
Jul-2018	-	75.00	500.00	-	-	-	22.39	-	-	-	-	-	597.39
Aug-2018	-	-	-	-	-	500.00	1.51	-	-	-	-	-	501.51
Sep-2018	-	4,345.80	250.00	-	1,500.00	1,750.00	150.01	2,050.00	-	-	-	-	10,045.81
Oct-2018	-	1,050.00	-	-	-	-	2.40	-	-	-	-	-	1,052.40
Nov-2018	-	1,500.00	-	-	-	-	50.00	4,000.00	-	-	-	-	5,550.00
Dec-2018	-	6,395.80	750.00	-	150.00	-	194.10	-	-	-	-	-	7,489.90
Jan-2019	-	250.00	-	-	1,075.00	-	928.89	355.00	-	-	-	-	2,608.89
Feb-2019	-	500.00	-	-	-	-	-	1,217.50	-	-	-	-	1,717.50
Mar-2019	-	5,020.80	5,477.61	-	620.00	-	25.00	360.00	-	-	-	-	11,503.41
Apr-2019	-	-	-	-	-	-	-	38.00	-	-	-	-	38.00
May-2019	-	500.00	-	-	500.00	-	-	6.99	-	-	-	-	1,006.99
Jun-2019	-	145.90	500.00	-	200.00	-	-	6.54	-	-	-	-	852.44
Jul-2019	-	750.00	250.00	-	2,530.00	-	-	-	-	-	-	-	3,530.00
Aug-2019	-	375.00	-	-	372.50	-	-	-	-	-	-	-	747.50
Sep-2019	-	4,595.90	250.00	-	2,000.00	-	-	-	-	-	-	-	6,845.90
Oct-2019	-	1,050.00	-	-	-	-	-	-	-	-	-	-	1,050.00
Nov-2019	-	1,750.00	-	-	1,000.00	-	-	-	-	-	-	-	2,750.00
Dec-2019	-	1,770.90	-	-	-	-	-	-	-	-	-	-	1,770.90
Jan-2020	-	500.00	-	-	-	-	-	-	-	-	-	-	500.00
Feb-2020	-	2,997.50	-	-	-	-	-	-	-	-	-	-	2,997.50
Mar-2020	-	1,645.90	500.00	-	-	-	-	-	-	-	-	-	2,145.90
May-2020	-	2,500.00	-	-	-	-	-	-	-	-	-	-	2,500.00
Jun-2020	-	1,562.50	-	-	-	-	-	-	-	-	-	-	1,562.50

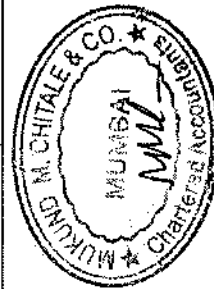


Notes to accounts to the financial statements for the year ended March 31, 2019

Maturity Month	Borrowings			Debt securities			Deposits		Subordinated liabilities		Total
	Below 8%	8%-10%	Above 10%	Below 8%	8%-10%	Above 10%	Below 8%	8%-10%	8%-10%	Above 10%	
Jul-2020	-	2,250.00	250.00	-	-	-	-	-	-	-	2,500.00
Aug-2020	-	750.00	-	-	-	-	-	-	-	-	750.00
Sep-2020	-	5,875.00	250.00	-	-	-	-	-	-	-	6,125.00
Oct-2020	-	1,500.00	-	-	-	-	-	-	-	-	1,500.00
Nov-2020	-	3,250.00	-	-	-	-	-	-	-	-	3,250.00
Dec-2020	-	4,375.00	-	-	-	-	-	-	-	-	4,375.00
Jan-2021	-	1,000.00	-	-	-	-	-	-	-	-	1,000.00
Feb-2021	-	500.00	-	-	-	-	-	-	-	-	500.00
Mar-2021	-	2,375.00	-	-	1,130.00	-	-	-	-	2,427.59	5,932.59
May-2021	-	500.00	-	-	-	-	-	-	-	-	500.00
Jun-2021	-	1,000.00	-	-	2,590.00	-	-	-	-	-	3,590.00
Jul-2021	-	500.00	-	-	750.00	-	-	-	-	-	1,250.00
Aug-2021	-	375.00	-	-	1,250.00	-	-	-	-	-	1,625.00
Sep-2021	-	1,250.00	-	-	1,000.00	-	-	-	-	-	2,250.00
Oct-2021	-	1,500.00	-	-	-	-	-	-	-	-	1,500.00
Dec-2021	-	500.00	-	-	3,000.00	-	-	-	-	2,000.00	5,500.00
Jan-2022	-	2,000.00	-	-	-	-	-	-	-	-	2,000.00
Feb-2022	-	1,250.00	-	-	-	-	-	-	-	-	1,250.00
Mar-2022	-	1,250.00	-	-	-	-	-	-	-	2,000.00	3,250.00
Jun-2022	-	-	-	-	1,500.00	-	-	-	-	2,000.00	3,500.00
Jul-2022	-	-	-	500.00	-	-	-	-	-	-	500.00
Aug-2022	-	-	-	400.00	-	-	-	-	-	-	400.00
Sep-2022	-	250.00	-	1,000.00	500.00	-	-	-	-	-	1,750.00
Nov-2022	-	-	-	-	-	-	-	-	1,000.00	-	1,000.00
Jan-2023	-	500.00	-	-	-	-	-	-	-	-	500.00
Feb-2023	-	1,250.00	-	-	-	-	-	-	1,000.00	-	2,250.00
Mar-2023	-	1,000.00	-	-	-	-	-	-	-	-	3,580.00
Jun-2023	-	-	-	-	410.00	-	-	-	-	-	410.00



Maturity Month	Borrowings			Debt securities			Deposits		Subordinated liabilities			Total
	Below 8%	8%-10%	Above 10%	Below 8%	8%-10%	Above 10%	Below 8%	8%-10%	8%-10%	Above 10%		
Dec-2023	-	-	-	-	1,000.00	-	-	-	-	-	-	1,000.00
Jun-2024	-	-	-	1,000.00	-	-	-	-	-	-	-	1,000.00
Jul-2024	-	-	-	-	470.00	-	-	-	-	-	-	470.00
Aug-2024	-	-	-	-	60.00	-	-	-	-	-	-	60.00
Sep-2024	-	-	-	850.00	-	-	-	-	-	-	-	850.00
Jan-2026	-	-	-	-	-	-	-	-	350.00	-	-	350.00
Mar-2026	-	-	-	-	1,210.00	-	-	-	650.00	-	-	1,860.00
Aug-2026	-	-	-	-	1,600.00	-	-	-	-	-	-	1,600.00
Sep-2026	-	-	-	-	1,350.00	-	-	-	1,000.00	-	-	2,350.00
Dec-2026	-	-	-	-	500.00	-	-	-	-	-	-	500.00
Feb-2027	-	-	-	-	500.00	-	-	-	-	-	-	500.00
Apr-2027	-	-	-	-	1,000.00	-	-	-	-	-	-	1,000.00
Mar-2099	-	-	-	-	-	-	-	-	1,000.00	-	-	1,000.00
Dec-2099	-	-	-	-	-	-	-	-	1,000.00	-	-	1,000.00
	1,343.54	75,631.80	9,227.61	3,750.00	33,097.50	2,250.00	9,189.30	29,844.03	6,000.00	8,427.59		178,761.37
Accrued interest		133.73			1839.84			316.22		328.86		2,618.65
Effect of Amortisation		(48.56)			(191.76)			(614.46)		18.89		(835.89)
Total		86,288.12			40,745.58			38,735.09		14,775.34		180,544.13



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

As at March 31, 2017

(Rs in million)

Maturity Month	Borrowings			Debt securities			Deposits		Subordinated liabilities		Total
	Below 8%	8% - 10%	Above 10%	8% - 10%	Above 10%		Below 8%	8% - 10%	8% - 10%	Above 10%	
Apr-2017	-	1,000.00	125.00	-	-	-	1,664.94	501.05	-	-	3,290.99
May-2017	-	-	-	-	-	-	9,251.48	2,210.00	-	-	11,461.48
Jun-2017	698.68	862.50	1,458.30	-	-	-	4,816.77	250.00	-	-	8,086.25
Jul-2017	-	-	1,575.00	-	-	-	358.64	1,000.00	-	-	2,933.64
Aug-2017	-	-	2,087.50	1,000.00	-	-	5.00	501.50	-	-	3,594.00
Sep-2017	-	2,062.50	948.30	960.00	-	-	1,250.00	1,020.00	-	-	6,240.80
Oct-2017	-	-	1,000.00	-	-	-	250.00	-	-	-	1,250.00
Nov-2017	-	1,000.00	360.00	-	-	-	2,500.00	-	-	-	3,860.00
Dec-2017	-	5,803.50	2,458.30	-	-	-	562.50	1,750.00	-	-	10,574.30
Jan-2018	-	500.00	250.00	289.00	-	-	13.01	2,000.00	-	-	3,052.01
Feb-2018	-	-	337.50	-	-	-	450.00	1,950.00	-	-	2,737.50
Mar-2018	-	1,187.50	8,890.82	-	-	-	185.00	250.00	-	-	10,513.32
May-2018	-	-	250.00	-	-	-	-	-	-	-	250.00
Jun-2018	-	362.50	208.30	750.00	-	-	-	10.00	-	-	1,330.80
Jul-2018	-	-	575.00	-	-	-	-	-	-	-	575.00
Aug-2018	-	-	-	-	500.00	-	-	-	-	-	500.00
Sep-2018	-	2,887.50	1,708.30	1,500.00	1,750.00	-	-	-	-	-	7,845.80
Oct-2018	-	50.00	1,000.00	-	-	-	-	-	-	-	1,050.00
Nov-2018	-	1,000.00	500.00	-	-	-	-	-	-	-	1,500.00
Dec-2018	-	4,187.50	2,208.30	150.00	-	-	-	-	-	-	6,545.80
Jan-2019	-	-	250.00	1,075.00	-	-	-	105.00	-	-	1,430.00
Feb-2019	-	500.00	-	-	-	-	-	17.50	-	-	517.50
Mar-2019	-	1,687.50	3,583.30	620.00	-	-	-	160.00	-	-	6,050.80
Apr-2019	-	-	-	-	-	-	-	38.00	-	-	38.00
May-2019	-	500.00	-	500.00	-	-	-	206.99	-	-	1,206.99
Jun-2019	-	62.50	583.40	200.00	-	-	-	6.54	-	-	852.44



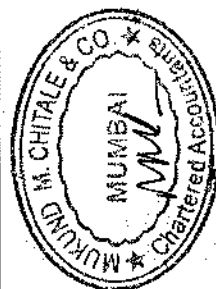
Notes to accounts to the financial statements for the year ended March 31, 2019

Maturity Month	Borrowings			Debt securities			Deposits		Subordinated liabilities		Total
	Below 8%	8% - 10%	Above 10%	8% - 10%	Above 10%		Below 8%	8% - 10%	8% - 10%	Above 10%	
Jul-2019	-	-	250.00	2,530.00	-	-	-	-	-	-	2,780.00
Aug-2019	-	-	-	372.50	-	-	-	-	-	-	372.50
Sep-2019	-	1,637.50	1,583.40	2,000.00	-	-	-	-	-	-	5,220.90
Oct-2019	-	50.00	1,000.00	-	-	-	-	-	-	-	1,050.00
Nov-2019	-	-	1,500.00	1,000.00	-	-	-	-	-	-	2,500.00
Dec-2019	-	1,312.50	83.40	-	-	-	-	-	-	-	1,395.90
Jan-2020	-	500.00	-	-	-	-	-	-	-	-	500.00
Feb-2020	-	2,997.50	-	-	-	-	-	-	-	-	2,997.50
Mar-2020	-	1,562.50	583.40	-	-	-	-	-	-	-	2,145.90
Jun-2020	-	562.50	-	-	-	-	-	-	-	-	562.50
Jul-2020	-	-	250.00	-	-	-	-	-	-	-	250.00
Sep-2020	-	750.00	1,750.00	-	-	-	-	-	-	-	2,500.00
Nov-2020	-	-	1,000.00	-	-	-	-	-	-	-	1,000.00
Dec-2020	-	500.00	-	-	-	-	-	-	-	-	500.00
Jan-2021	-	1,000.00	-	-	-	-	-	-	-	-	1,000.00
Feb-2021	-	500.00	-	-	-	-	-	-	-	-	500.00
Mar-2021	-	1,875.00	-	1,130.00	-	-	-	-	-	2,427.59	5,432.59
Jun-2021	-	1,000.00	-	2,590.00	-	-	-	-	-	-	3,590.00
Jul-2021	-	-	-	750.00	-	-	-	-	-	-	750.00
Aug-2021	-	-	-	1,250.00	-	-	-	-	-	-	1,250.00
Sep-2021	-	1,000.00	-	1,000.00	-	-	-	-	-	-	2,000.00
Dec-2021	-	500.00	-	3,000.00	-	-	-	-	-	2,000.00	5,500.00
Jan-2022	-	1,500.00	-	-	-	-	-	-	-	-	1,500.00
Feb-2022	-	250.00	-	-	-	-	-	-	-	-	250.00
Mar-2022	-	250.00	-	-	-	-	-	-	-	2,000.00	2,250.00
Jun-2022	-	-	-	1,500.00	-	-	-	-	-	2,000.00	3,500.00
Sep-2022	-	-	-	500.00	-	-	-	-	-	-	500.00
Nov-2022	-	-	-	-	-	-	-	-	1,000.00	-	1,000.00



Notes to accounts to the financial statements for the year ended March 31, 2019

Maturity Month	Borrowings			Debt securities		Deposits		Subordinated liabilities			Total
	Below 8%	8% - 10%	Above 10%	8% - 10%	Above 10%	Below 8%	8% - 10%	8% - 10%	Above 10%		
Feb-2023	-	250.00	-	-	-	-	-	-	1,000.00	-	1,250.00
Mar-2023	-	-	-	580.00	-	-	-	-	-	-	580.00
Jun-2023	-	-	-	410.00	-	-	-	-	-	-	410.00
Dec-2023	-	-	-	1,000.00	-	-	-	-	-	-	1,000.00
Jul-2024	-	-	-	470.00	-	-	-	-	-	-	470.00
Aug-2024	-	-	-	60.00	-	-	-	-	-	-	60.00
Jan-2026	-	-	-	-	-	-	-	-	350.00	-	350.00
Mar-2026	-	-	-	1,210.00	-	-	-	-	650.00	-	1,860.00
Aug-2026	-	-	-	1,600.00	-	-	-	-	-	-	1,600.00
Sep-2026	-	-	-	1,350.00	-	-	-	-	1,000.00	-	2,350.00
Dec-2026	-	-	-	500.00	-	-	-	-	-	-	500.00
Feb-2027	-	-	-	500.00	-	-	-	-	-	-	500.00
	698.68	41,651.00	38,357.52	32,346.50	2,250.00	21,307.34	11,976.58	4,000.00	8,427.59		161,015.21
Accrued interest		96.49		1,560.23		446.89			536.51		2,640.12
Effect of amortization		(49.52)		(200.85)		(421.16)			10.06		(661.47)
Total		80,754.17		35,955.88		33,309.65			12,974.16		162,993.86



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(31) Other Financial Liabilities

(Rs in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Retention Money	10.04	10.17	10.47
Interest Accrued but not due	14.26	3.18	0.94
Application money received for allotment of securities to the extent refundable and Interest accrued thereon	-	-	-
Security Deposits received [Includes an amount for Rs 74.54 million as at March 31, 2019 (as on March 31, 2018 – Nil and as on April 01, 2017 – Nil due to related party)]	465.99	460.09	3.13
Margin Money and Other Payables	13.69	22.55	27.48
Unpaid Dividend*	0.94	0.48	-
	504.92	496.47	42.02

* No amount of unpaid dividend was due for transfer to Investor Education and Protection Fund u/s 125 of Companies Act 2013 as at Balance Sheet date

(32) Provisions

(Rs in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Provisions for leave encashment	48.62	83.36	71.91
Provision for performance related payment (PRP)	-	150.00	209.00
Loss allowance on Off Balance Sheet Exposure	5.62	223.23	24.71
	54.24	456.59	305.62

(33) Other Non-Financial Liabilities

(Rs in million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Statutory Dues	9.41	228.38	72.30
Income received in Advance	211.62	265.59	2,224.40
	221.03	493.97	2,296.70



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(34) Share Capital

(Rs In million)

	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
(a1) Authorized Capital			
1000,000,000 equity shares of Rs. 10/- each (Previous Year 300,000,000 equity shares of Rs. 10/- each)	10,000	3,000	3,000
1,000,000 Non-convertible Redeemable Cumulative Preference Share (NCRCPs) of 7,500/- each	7,500	7,500	7,500
100,000,000 Cumulative Convertible Preference shares of 100/- each	10,000	-	-
(a2) Issued Capital			
265,667,555 equity shares of Rs. 10/- each (Previous Year 265,667,555 equity shares of Rs. 10/- each)	2,656.68	2,656.68	2,656.68
Subscribed and Paid up Capital			
265,667,555 equity shares of Rs. 10/- each (Previous Year 265,667,555 equity shares of Rs. 10 each)	2,656.68	2,656.68	2,656.68

34.1 Equity Share Capital

- (a) The Company has only one class of ordinary equity shares having face value of Rs 10 per share. Each equity shareholder is entitled for one vote per share held. Each shareholder is entitled to dividend in proportion to number of equity shares held which is subject to the approval of shareholder in ensuing annual general meeting

In the event of winding up of the company, the equity shareholder will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by equity shareholders

- (b) The Company has not issued any fresh shares during the year ended March 31, 2019

- (c) Movement in Number of Equity Shares

	March 31, 2019	March 31, 2018	March 31, 2017
Opening Balance	265,667,555	265,667,555	265,667,555
Add: Allotment made during the year	-	-	-
Less: Buyback during the year	-	-	-
Closing Balance	265,667,555	265,667,555	265,667,555

- (d) Equity Shareholdings Pattern

Name	March 31, 2019		March 31, 2018		March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Infrastructure Leasing & Financial Services Ltd and its nominees	265,667,555	100%	265,667,555	100%	265,667,555	100%



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

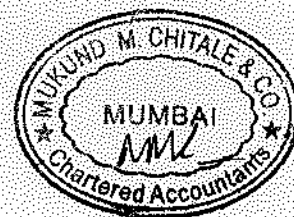
34.2 Preference Share Capital

(a) The terms of NCRCPs issued and subscribed are as under

Rate of Dividend for Category I and Category II Investors	17.00% p.a. on face value of NCRCPs payable on March 31, every year or 17.39% p.a. if paid on July 31
Additional Dividend on preference shares held by Category II Investors Category I Investors mean investors which does not fall into category II investors Category II Investors mean Resident Individuals, Hindu Undivided Families, Partnership Firms, Private Family Trusts with one or more beneficiaries being Individual and Employee Welfare Trusts	1.89% p.a. on face value of NCRCPs payable on March 31, every year or 1.98% p.a. if paid on July 31
Tenure	5 years
Issue Proceeds	Face Value of ₹ 7,500/- per NCRCPs plus Share Premium of ₹ 7,500/- per share
Date of Allotment	March 30, 2016
Redemption Date	March 30, 2021
Redemption Value	Face Value of ₹ 7,500/- per NCRCPs plus Redemption Premium of ₹ 7,500/- per share
Voting Rights	Right to vote on resolutions as holders of NCRCPs, as per the provisions of Companies Act, 2013 and Articles of Association. If the Company fails to pay the dividend for a period of two years or more, preference shareholders have the right to vote on all resolutions placed before the Company
Seniority	Senior to all equity shares and rank pari passu inter se among all classes of preference shares currently existing or established hereafter, with respect to (a) dividend distribution and (b) repayment of capital upon a liquidation of the Company

(b) List of shareholders holding more than 5% of NCRCPs as on March 31, 2019 is as under :

Name of Shareholder	Number of Shares	Holding (%)
Shree Cement Ltd	33,400	20.04
Sanjeev Kumar Juneja	13,333	8.00



Notes to accounts to the financial statements for the year ended March 31, 2019

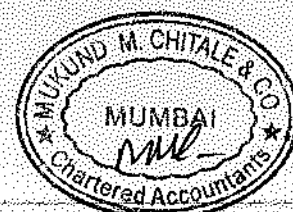
(35) Other equity

• (Rs in million)

Description of Reserve	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Statutory Reserve			
Opening Balance	5,128.34	4,929.02	4,929.02
Transfer from retained earnings	-	199.32	-
Closing Balance	5,128.34	5,128.34	4,929.02
Securities Premium			
Opening Balance	8,503.48	8,503.48	8,503.48
Closing Balance	8,503.48	8,503.48	8,503.48
Special Reserve II			
Opening Balance	250.65	223.65	223.65
Transfer from Retained earnings	-	27.00	-
Closing Balance	250.65	250.65	223.65
General Reserve			
Opening Balance	2,051.88	2,051.88	2,051.88
Closing Balance	2,051.88	2,051.88	2,051.88
Retained Earning			
Opening Balance	(13,928.96)	(12,998.42)	(12,998.42)
Transfer to Special Reserve II	-	(27.00)	-
Transfer to Statutory Reserve	-	(199.32)	-
Dividend paid on equity shares including dividend distribution tax	-	(799.38)	-
Transfer of Surplus / (Deficit) in the Statement of Profit and Loss	(132,745.27)	95.16	-
Closing Balance	(146,674.23)	(13,928.96)	(12,998.42)
Other Comprehensive Income (OCI)			
Opening Balance	59.35	121.52	121.52
Debt Instruments through Other Comprehensive Income	(59.21)	(61.67)	-
Remeasurement of the defined benefit plans; hedge reserve	37.43	(5.19)	-
Closing Balance	37.57	59.35	121.52
Total	(130,702.31)	2,064.74	2,831.13

Note

- 1 Statutory Reserve is created pursuant to section 45-IC of Reserve Bank of India Act, 1934
- 2 Securities premium represents the premium on issues of shares after appropriation of share issue expenses
- 3 Special Reserve II is created in terms of section 35 (1) (viii) of Income Tax Act, 1961, out of the distributable profits of the company
- 4 General reserve was created through an annual transfer of the net profit after specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However the amount previously transferred to the general reserve can be utilised only as per specific requirement of Companies Act, 2013
- 5 The transfer from retained earnings to statutory reserve and Special reserve II as shown in financial year 2017-18 are shown above as these amounts were transferred out of profit for that year as per previous GAAP



IL&FS Financial Services Limited
Notes to accounts to the financial statements for the year ended March 31, 2019
(36) Interest income

(Rs in million)

	Year ended March 31, 2019				Year ended March 31, 2018			
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Securities classified at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Securities classified at fair value through profit or loss	Total
Interest on Loans	86.66	1,459.14	-	1,545.80	309.48	18,966.10	-	19,275.58
Interest income from investment	-	331.36	211.79	543.15	-	633.92	199.59	833.51
Interest on deposits with Banks	-	306.89	-	306.89	-	515.97	-	515.97
Other interest income	-	45.54	-	45.54	-	360.63	-	360.63
	86.66	2,142.93	211.79	2,441.38	309.48	20,476.62	199.59	20,985.69

(37) Net gain/(loss) on fair value changes

(Rs in million)

	Year Ended March 31, 2019	Year Ended March 31, 2018
Financial instruments at fair value through P&L		
- Held for trading	(42.79)	(156.03)
- Derivatives	(1,383.96)	564.44
- Other fair value investments	(12,221.32)	(3,226.44)
Other Investments	(159.84)	-
	(13,807.91)	(2,818.03)
Fair Value changes:		
-Realized	(135.50)	4.74
-Unrealized	(13,672.41)	(2,822.77)
	(13,807.91)	(2,818.03)
Net gain/(loss) on fair value changes		
-Financial assets measured at FVTPL	(13,807.91)	(2,818.03)
-Held for trading Financial liabilities	-	-
-Financial assets designated at FVTPL	-	-
-Financial liabilities designated at FVTPL	-	-
	(13,807.91)	(2,818.03)

(38) Other income

(Rs in million)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Net gain/(loss) on derecognition of PPE	(5.68)	(0.06)
Rental Income	0.99	0.96
Write Back of Provision	39.75	13.62
Others	184.16	20.19
	219.22	34.71



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(39) Finance cost

(Rs. in million)

	Year Ended March 31, 2019	Year Ended March 31, 2018
Interest on deposits	1,432.59	2,501.09
Interest on borrowings	4,396.60	7,777.31
Interest on debt securities	1,924.42	3,302.52
Interest on subordinated liabilities	847.35	1,292.22
Other interest expense	325.25	191.45
	8,926.21	15,064.59

(40) Impairment losses on financial Instruments

(Rs. in million)

	Year Ended March 31, 2019				Year Ended March 31, 2018			
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	On Financial instruments measured at Cost less impairment	Total	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	On Financial instruments measured at Cost less Impairment	Total
On Loans	1,311.70	90,240.86	-	91,552.56	-	1,512.82	-	1,512.82
On Investments (net)	-	1,367.77	984.95	2,352.72	-	(40.71)	-	(40.71)
On Off Balance Sheet Exposure	-	(217.60)	-	(217.60)	-	198.52	-	198.52
On Trade Receivables	-	798.21	-	798.21	-	526.92	-	526.92
On Other Assets	-	5,135.37	-	5,135.37	-	42.11	-	42.11
	1,311.70	97,324.61	984.95	99,621.26	-	2,239.66	-	2,239.66

(41) Employee benefits

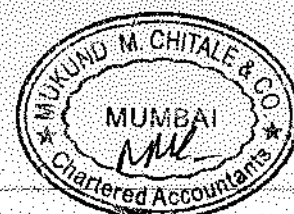
(Rs in million)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Salaries and wages including bonus	423.20	652.19
Contribution to provident and other funds	28.08	44.47
Share Based Payments to employees	-	-
Staff welfare expenses	21.92	59.31
Deputation Cost	17.10	35.43
	490.30	791.40

(42) Depreciation and amortization expense

(Rs in million)

	Year Ended March 31, 2019	Year Ended March 31, 2018
Depreciation of property, plant and equipment (refer Note 26)	18.18	19.46
Depreciation of investment property (refer Note 25)	14.45	0.98
Amortization of Intangible assets (refer Note 27)	4.25	4.83
Impairment of Investment property (refer Note 25)	2,133.11	-
	2,169.99	25.27



Notes to accounts to the financial statements for the year ended March 31, 2019

(43) Other expenses

	(Rs in million)	
	Year Ended March 31, 2019	Year Ended March 31, 2018
Rent, taxes and energy costs	127.29	232.53
Repairs and maintenance	36.81	44.39
Communication Costs	5.84	9.84
Printing and stationery	2.60	4.01
Advertisement and publicity	6.30	30.01
Director's fees, allowances and expenses	2.28	2.39
Auditor's fees and expenses (refer note 43.1)	11.13	51.10
Legal and Professional charges	204.98	131.69
Insurance	0.17	2.28
STT and Brokerage on Investment	-	0.14
Brand Subscription Charges	7.50	188.04
Service Charges	136.20	207.26
Corporate Social Responsibility Expense (refer note 43.2)	-	63.19
Travelling & Conveyance	11.22	44.62
Other expenditure	76.24	95.36
	628.56	1,106.85

43.1 Payments to auditors

	(Rs in million)	
	Year Ended March 31, 2019	Year Ended March 31, 2018
a) For audit	5.08	40.13
b) For taxation matters	-	2.61
d) For other services	5.13	8.36
e) For reimbursement of expenses	0.92	-
	11.13*	51.10

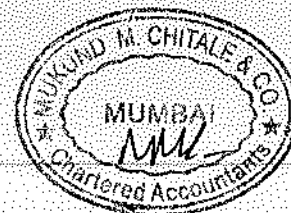
* Includes Rs 6.13 million paid to erstwhile auditors

43.2 Expenditure incurred for corporate social responsibility

	(Rs in million)	
	Year Ended March 31, 2019	Year Ended March 31, 2018
Gross amount required to be spent	61.93	75.29
Donation to Trust carrying out CSR Activities	-	(63.19)
CSR Amount unspent	61.93	12.10

43.3 Foreign Currency transactions

	(Rs in million)	
	Year ended March 31, 2019	Year ended March 31, 2018
(i) Income	4.23	5.73
(ii) Expenses		
Foreign Travelling Expenses	0.69	3.28
Other Expenses	23.82	13.69



Notes to accounts to the financial statements for the year ended March 31, 2019

43.4 Managerial Remuneration

During the year the Company had paid remuneration to its erstwhile Managing Director & CEO (MD & CEO) and Deputy Managing Director ("DMD"). In view of the loss for the year the remuneration paid to these erstwhile Directors is in excess of the remuneration payable to the MD & CEO and DMD of the Company in accordance with the provisions of Section 197 read with Schedule V of the Companies Act, 2013 by Rs. 31.63 mn, in accordance with the legal opinion obtained by the Company. This amount has been shown as amount due from the erstwhile Directors and adjusted against the Employee Benefit expenses. This amount may undergo change on account of reopening and recasting of financial statements for the financial year 2013 – 14 to 2017 – 18 as stated in Note 6. The Company is taking necessary measures as per the provisions of Companies Act, 2013 in respect of this matter.

43.5 Employees' Benefits

(a) Defined contribution plan - provident funds

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognized provident fund administered by Regional Provident Fund Commissioner. The employees contribute 12% of their basic salary or higher percentage as may be specified and the Company contributes 12% of their basic salary. The contribution to provident fund for the year ended March 31, 2019 was Rs 28.08 million (for the year ended March 31, 2018- Rs 44.47 million)

(b) Defined benefit plan - gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a non-contributory defined benefit arrangement providing lump-sum gratuity benefits expressed in terms of final monthly salary and year of service, covering all employees.

The plan provides a lump sum payment to vested employees at retirement or termination of employment in accordance with the rules laid down in the Payment of Gratuity Act, 1972. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2019, as per the tables set out below:

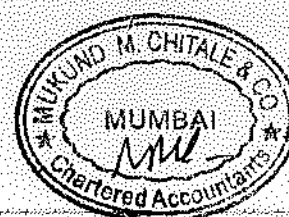
(Rs in million)

Changes in present value of obligations

	As at March 31, 2019	As at March 31, 2018
PVO at beginning of period	140.00	140.41
Interest Cost	7.94	9.20
Current Service Cost	14.23	15.11
Transfer In of Liability	2.22	0.15
Transfer Out of Liability	(0.18)	-
Benefit Paid	(73.23)	(30.05)
Actuarial (gain)/loss on obligations	(37.37)	5.19
PVO at end of period	53.61	140.00

Actual return on plan assets

	As at March 31, 2019	As at March 31, 2018
Interest Income Included above	8.76	10.38
Return on plan assets excluding Interest Income	0.06	(0.98)
Total	8.82	9.40



Notes to accounts to the financial statements for the year ended March 31, 2019

Actuarial (Gain)/loss on obligation

	As at March 31, 2019	As at March 31, 2018
Due to Demographic Assumption*	1.43	-
Due to Financial Assumption	(44.25)	8.14
Due to Experience	5.44	(2.95)
Total Actuarial (Gain)/Loss	(37.37)	5.19

*This figure does not reflect interrelationship between demographic assumption and financial assumption when a limit is applied on the benefit, the effect will be shown as an experience

Fair Value of Plan Assets

	As at March 31, 2019	As at March 31, 2018
Opening Fair Value of Plan Asset	146.91	145.52
Adjustment to Opening Fair Value of Plan Asset	-	-
Transfer-In of Fund	2.22	0.15
Transfer-Out of Fund	(0.18)	-
Return on Plan Assets excl. Interest income	0.06	(0.98)
Interest Income	8.76	10.38
Contributions by Employer	5.50	21.90
Contributions by Employee	-	-
Benefits Paid	(73.23)	(30.05)
Fair Value of Plan Assets at end	90.03	146.91

Amounts to be recognized in the balance sheet and statement of profit & loss account

	As at March 31, 2019	As at March 31, 2018
PVO at end of period	53.61	140.00
Fair Value of Plan Assets at end of period	90.03	146.91
Funded Status (Excess/(Shortfall))	36.42	6.91
Net Asset/(Liability) in Balance sheet	36.42	Nil

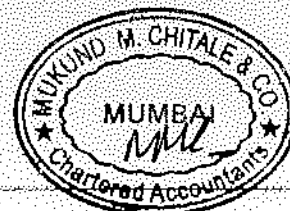
Expense recognized in the statement of profit and loss

	As at March 31, 2019	As at March 31, 2018
Current Service Cost	14.23	15.11
Net Interest	(0.82)	(1.18)
Transfer In of Liability	2.22	0.15
Transfer in of Liability	(0.18)	-
Actuarial (Gain)/Loss recognized for the period	-	5.19
Return on Plan Assets excluding net interest	-	0.98
Expense recognized in the statement of P&L A/C	15.45	20.24

Other Comprehensive income (OCI)

	As at March 31, 2019	As at March 31, 2018
Actuarial (Gain)/Loss recognized for the period	(37.37)	-
Asset limit effect	-	-
Return on Plan Assets excluding net interest	(0.06)	-
Unrecognized Actuarial (Gain)/Loss from previous period	-	-
Total Actuarial (Gain)/Loss recognized in (OCI)	(37.43)	-

Movements in the Liability recognized in Balance Sheet



Notes to accounts to the financial statements for the year ended March 31, 2019

Movements in the Liability recognized in Balance Sheet

	As at March 31, 2019	As at March 31, 2018
Opening Net Liability/(Asset)	(6.91)	(5.10)
Adjustment to opening balance	-	-
Transfer In of Fund	(2.22)	(0.15)
Transfer Out of Fund	0.18	-
Expenses as above	15.45	20.24
Contribution paid	(5.50)	(21.90)
Other Comprehensive Income(OCI)	(37.43)	-
Closing Net Liability/(Asset)	(36.42)	(6.91)

Projected Service Cost for FY'2020

	As at March 31, 2019
Projected Service Cost for FY'2020	5.57

Assumptions as at

	As at March 31, 2019	As at March 31, 2018
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest / Discount Rate	7.60%	7.68%
Rate of increase in compensation	1.00%	9.50%
Expected average remaining service	12.31	15.41
Employee Attrition Rate(Past Service (PS))	PS: 0 to 40 : 3%	PS: 0 to 40 : 2%

Sensitivity Analysis

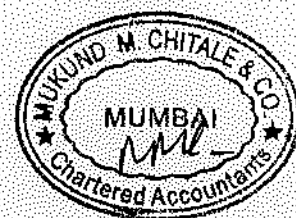
	Discount Rate		Salary Escalation Rate	
	PVO DR +1%	PVO DR -1%	PVO ER +1%	PVO ER -1%
PVO	50.39	57.16	57.27	50.25

Expected Payout

	In One year	One to Two Year	Two to Three year	Three to Four year	Four to Five year
Pay-outs	3.53	2.81	7.09	2.60	2.62

Asset Liability Comparisons

	As at March 31, 2019	As at March 31, 2018
PVO at end of period	53.61	140.00
Plan Assets	90.03	146.91
Surplus/(Deficit)	36.42	6.91
Experience adjustments on plan assets	0.06	(0.98)



Notes to accounts to the financial statements for the year ended March 31, 2019

Footnotes

1. **Expected rate of return basis:** EROA is the discount rate as at previous valuation date as per the accounting standard
2. **Description of Plan Assets and Reimbursement Conditions:** 100% of the Plan Asset is entrusted to HDFC Standard Life Insurance Co Ltd and LIC of India under their Group Gratuity Scheme and balance with Banks. The reimbursement is subject to insurer's Surrender Policy
3. **Investment Risk:** The Company is exposed to Investment risk if the return on the Invested fund falls below the discount rate used to arrive at present value of the benefit.
4. **Longevity Risk:** The Company is not exposed to risk of the employees living longer as the benefit under the scheme ceases on the employee separating from the employer for any reason.
5. **Risk of Salary Increase:** The Company is exposed to higher liability if the future salaries rise more than assumption of salary escalation.
6. **Discount Rate:** The discount rate has decreased from 7.68% to 7.60% and hence there is an increase in liability leading to actuarial loss due to change in discount rate.

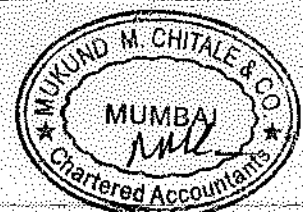
(c) **Compensated absences**

The Company provides for the compensated absences for the accumulated balances of compensated absences as at the balance sheet date using projected unit cost method based on the actuarial valuation. Accordingly, the Company has made provision of Rs 48.62 million as on March 31, 2019 (Rs 83.36 million as on March 31, 2018, Rs 71.91 million as on March 31, 2017)

43.6 **Dues to Micro Small and Medium Enterprises**

(Rs In million)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) Principal amount remaining unpaid to any supplier as at the end of the year	0.84	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the year	-	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the year	-	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, small and Medium Enterprises Development Act, 2006	-	-	-



Notes to accounts to the financial statements for the year ended March 31, 2019

(44) Income Taxes

44.1 Reconciliation of Income tax

(Rs in million)

	Year Ended March 31, 2019	Year Ended March 31, 2018
Profit Before Tax	(122,692.44)	839.02
Statutory Income Tax Rate	34.99%	34.99%
Tax on Accounting Profit	0.00	293.57
Tax charge at Statutory Rate		
Tax effect of permanent tax items		
Dividend Income	-	(135.84)
Long Term Capital Gain on sale of Shares	-	(45.46)
Non Deductible Expense	-	106.61
Effect on deferred tax due to change in Income tax rate	-	(25.05)
Non Taxable Items	-	(9.44)
Other Taxable Items	1.06	0.94
Provision on Investments	-	499.67
Reversal of Loan Provision	-	-
Excess tax paid as per previous GAAP	-	58.86
Reversal of earlier years deferred Tax assets	10,051.77	-
Total effect of Tax Adjustments	10,052.83	450.29
Tax expense recognised during the year	10,052.83	743.86

44.2 Deferred tax assets/(liabilities)

(Rs in million)

	As at March 31, 2018	Recognised in Profit or Loss	Recognised in OCI	As at March 31, 2019
A. Deferred Tax Assets				
Books & Tax Depreciation	25.12	(25.12)	-	-
Loans	9,759.77	(9,759.77)	-	-
Others	387.62	(387.62)	-	-
Provision for Leave Encashment	29.13	(29.13)	-	-
	10,201.64	(10,201.64)	-	-
B. Deferred Tax Liabilities				
Adjustment for rent free period	6.90	(5.81)	-	(1.09)
Borrowings	143.00	(143.00)	-	-
	149.90	(148.81)	-	(1.09)
Deferred Tax Assets/(liability) (net)	10,051.74	(10,052.83)	-	(1.09)

	As at March 31, 2017	Recognised in Profit or Loss	Recognised in OCI	As at March 31, 2018
A. Deferred Tax Assets				
Books & Tax Depreciation	26.92	(1.80)	-	25.12
Loans	9,295.72	464.05	-	9,759.77
Others	181.48	206.14	-	387.62
Provision for Leave Encashment	24.89	4.24	-	29.13
	9,529.01	672.63	-	10,201.64
B. Deferred Tax Liabilities				
Adjustment for rent free period	10.98	(4.08)	-	6.90
Borrowings	84.43	58.57	-	143.00
	95.41	54.49	-	149.90
Deferred Tax Assets/(liability) (net)	9,433.60	618.14	-	10,051.74



Notes to accounts to the financial statements for the year ended March 31, 2019

(45) Contingent liabilities and commitments

(Rs In million)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Claims against company not acknowledged as debts (refer note 45.1)	331.07	319.51	243.30
Other undrawn commitments (refer note 45.2)	-	3,489.30	1,230.00
Others (refer note 45.4 and 45.5)	-	-	-
	331.07	3,808.81	1,473.30

45.1 Claims against company not acknowledged as debts

(Rs in million)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Sales Tax	11.71	11.71	11.71
Service Tax	12.65	13.32	9.89
Income Tax Liability	196.87	196.88	124.10
Demand for TDS	12.24	-	-
Stamp Duty Demand	97.60	97.60	97.60
Total	331.07	319.51	243.30

45.2 The Company had undertaken commitment towards loans and investments outstanding at Rs 1,282.42 million as on March 31, 2019. However pursuant to default by the Company, the Company is not allowed to undertake further disbursement against these commitment. Accordingly, the Company has not considered these as commitment

45.3 Operating Leases

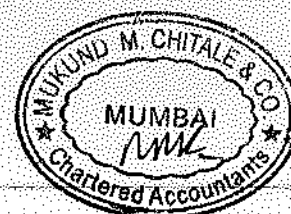
The Company has entered into Operating Lease arrangement in respect of premises. The minimum future payments during non-cancellable years under the foregoing arrangement in aggregate for each of the following years are as below:

(Rs In million)

As at March 31,	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Less than one year	-	69.85	68.96
One to five years	-	-	-
More than five years	-	-	-
Total	-	69.85	68.96
Rent Expenses in statement of profit & loss on Operating Lease	103.42	102.10	80.78

45.4 Creditor claim process

As mentioned in Note 8 to the financial statements, the Company is in the process of reconciling the claims received of Rs 163,968.60 million as on October 15, 2018 through the claims management process.



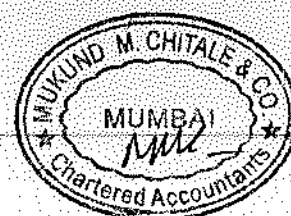
Notes to accounts to the financial statements for the year ended March 31, 2019

45.5 Default and Breach of Loan Covenants

The Company has defaulted on its debts to banks, financial institution and others. As a result of the same, there have been breach of various loans covenants provided in relation to its Borrowings including Asset Cover. Details of the loans where the Company has defaulted are as below:

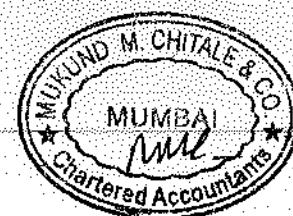
(Rs in million)

Due Date	Party Name	Principal	Interest upto October 15, 2018	Interest for the period October 16, 2018 to March 31, 2019	Total
12-09-2018	Punjab & Sind Bank	200.00	0.53	-	200.53
17-09-2018	NCD Maturity for series 2013-I	1,750.00	183.25	-	1,933.25
17-09-2018	ORIENTAL BANK OF COMMERCE	500.00	1.95	-	501.95
18-09-2018	LIC MF	2,000.00	-	-	2,000.00
18-09-2018	NCD Coupon payment for Series 2014-III	-	193.00	-	193.00
24-09-2018	Principal Trustee	750.00	-	-	750.00
24-09-2018	Bank of India	1,000.00	6.11	-	1,006.11
24-09-2018	Allahabad Bank	500.00	2.87	-	502.87
25-09-2018	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	950.00	85.27	-	1,035.27
26-09-2018	Central Bank of India	2,000.00	-	-	2,000.00
26-09-2018	Punjab & Sind Bank	375.00	2.29	-	377.29
26-09-2018	Uco Bank	250.00	1.74	-	251.74
27-09-2018	IL&FS Urban Infrastructure Managers Ltd	20.00	1.30	-	21.30
27-09-2018	IFCI Ltd	500.00	4.12	-	504.12
28-09-2018	NCD Coupon payment for Series 2017-XIV	-	82.20	-	82.20
28-09-2018	NCD Coupon payment for Series 2012-IV	-	47.70	-	47.70
28-09-2018	SBI Funds	280.00	-	-	280.00
28-09-2018	Bank of India	1,000.00	7.18	-	1,007.18
29-09-2018	NCD Maturity for series 2015-I	1,500.00	129.07	-	1,629.07
29-09-2018	Syndicate Bank	500.00	3.55	-	503.55
29-09-2018	Allahabad Bank	125.00	0.87	-	125.87
29-09-2018	Bank of Baroda	83.30	0.59	-	83.89
29-09-2018	NCD Coupon payment for Series 2017-XIII	-	86.90	-	86.90
01-10-2018	Monthly Bank Interest due on Bank Borrowing	-	556.77	-	556.77
01-10-2018	Int on STL of First Rand Bank	-	2.17	-	2.17
01-10-2018	Int on STL of Australia and New Zealand Banking Grp	-	5.33	-	5.33
01-10-2018	Interest on ECB (S0 of Mauritius)	-	21.87	-	21.87
01-10-2018	NCD Coupon payment for Series 2017-XV	-	29.59	-	29.59
22-10-2018	ATHER ENERGY PRIVATE LIMITED	200.00	-	-	200.00
22-10-2018	CMS COMPUTERS LIMITED	50.00	-	-	50.00
22-10-2018	MADHU SILICA PVT LTD	100.00	-	-	100.00
22-10-2018	MOUNTAIN TRAIL FOODS PRIVATE LIMITED	50.00	-	-	50.00
22-10-2018	Apollo Tyres Ltd	2,000.00	69.50	2.40	2,071.90
25-10-2018	Telangana State Co-Op Apex bank Ltd	250.00	-	-	250.00
29-10-2018	Mashreq Bank (Interest payment Due)	-	83.71	15.07	98.78
29-10-2018	Afrasia Bank Limited	-	18.48	3.08	21.57
31-10-2018	Punjab & Sind Bank	50.00	0.18	0.18	50.36
31-10-2018	Bank of Maharashtra	1,000.00	3.76	3.76	1,007.52



IL&FS Financial Services Limited
Notes to accounts to the financial statements for the year ended March 31, 2019

Due Date	Party Name	Principal	Interest upto October 15, 2018	Interest for the period October 16, 2018 to March 31, 2019	Total
01-11-2018	Bank Interest due on Bank Borrowing	-	310.42	310.42	620.85
16-11-2018	IL & FS Broking Seviles (P) Ltd	50.00	3.08	0.29	53.37
19-11-2018	Titan Company Ltd	500.00	15.86	3.67	519.53
22-11-2018	SIDBI	2,000.00	163.95	18.55	2,182.50
26-11-2018	SIDBI	2,000.00	163.95	18.55	2,182.50
27-11-2018	NCD Coupon Payment 2012-V	-	84.51	10.99	95.50
29-11-2018	Punjab & Sind Bank	500.00	-	3.43	503.43
29-11-2018	State Bank of India	2,000.00	-	15.04	2,015.04
30-11-2018	Bank CC Monthly Interest	-	-	47.10	47.10
30-11-2018	Australia and New Zealand Banking Corp Ltd	-	-	5.33	5.33
30-11-2018	Firststrand bank Ltd	-	-	2.17	2.17
01-12-2018	Monthly Bank Interest	-	-	529.50	529.50
03-12-2018	NCD Repayment 2017-I	150.00	4.82	1.73	156.54
03-12-2018	Titan Company Ltd	200.00	5.74	2.07	207.81
06-12-2018	NCD Coupon Payment 2017-XVI	-	446.87	72.58	519.45
10-12-2018	Uco Bank	500.00	-	1.01	501.01
10-12-2018	Titan Company Ltd	250.00	6.80	2.97	259.76
13-12-2018	Punjab & Sind Bank	125.00	-	0.36	125.36
13-12-2018	Firststrand bank Ltd	280.00	-	0.87	280.87
14-12-2018	Vijaya Bank	125.00	-	0.41	125.41
14-12-2018	Vijaya Bank	250.00	-	0.82	250.82
14-12-2018	Vijaya Bank	250.00	-	0.82	250.82
14-12-2018	Vijaya Bank	125.00	-	0.41	125.41
14-12-2018	IL & FS Broking Seviles (P) Ltd	17.50	0.99	0.19	18.68
20-12-2018	United Bank of India	250.00	-	1.29	251.29
20-12-2018	United Bank of India	750.00	-	3.87	753.87
27-12-2018	Australia and New Zealand Banking Corp Ltd	750.00	-	4.62	754.62
28-12-2018	Allahabad Bank	625.00	-	4.21	629.21
28-12-2018	NCD Coupon Payment 2011-I	-	164.80	41.20	206.00
29-12-2018	NCD Coupon Payment 2018-VII	-	70.16	17.84	88.00
31-12-2018	UCO BANK	250.00	-	1.90	251.90
31-12-2018	Vijaya Bank	750.00	-	5.67	755.67
31-12-2018	Vijaya Bank	500.00	-	3.78	503.78
31-12-2018	Andhra Bank	125.00	-	0.96	125.96
31-12-2018	Andhra Bank	62.50	-	0.48	62.98
31-12-2018	Andhra Bank	250.00	-	1.92	251.92
31-12-2018	Andhra Bank	125.00	-	0.96	125.96
31-12-2018	Andhra Bank	187.50	-	1.44	188.94
31-12-2018	Bank of Baroda	83.30	-	0.64	83.94
31-12-2018	Monthly Interest (Cash Credit Facilities)	-	-	49.00	49.00
01-01-2019	Monthly Interest (Bank Loans)	-	-	519.93	519.93
01-01-2019	State Bank of Mauritius	-	-	21.87	21.87
02-01-2019	Shilpa Medicare Ltd	150.00	-	-	150.00
21-01-2019	Rapid Metro Rail Gurgaon Ltd	3.89	0.20	0.08	4.16
22-01-2019	Citizen Credit Co-Operative Bank Ltd	250.00	-	-	250.00
22-01-2019	Allahabad Bank	250.00	-	1.31	251.31
28-01-2019	NCD Maturity for series 2013-VI	1,075.00	75.81	30.32	1,181.13
28-01-2019	NCD Coupon Payment 2016-I	-	22.19	8.88	31.06
28-01-2019	Persistent System Ltd	5.00	0.29	0.12	5.41

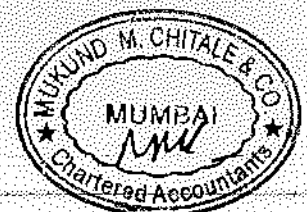


IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

Due Date	Party Name	Principal	Interest upto October 15, 2018	Interest for the period October 16, 2018 to March 31, 2019	Total
28-01-2019	Mashreq Bank (Interest payment Due)	-	-	105.46	105.46
28-01-2019	Afrasia Bank Limited	-	-	21.57	21.57
31-01-2019	Persistent System Ltd	100.00	3.87	2.41	106.28
31-01-2019	Bank CC Interest	-	-	49.16	49.16
01-02-2019	Bank Interest Payment	-	-	496.15	496.15
09-02-2019	Uco Bank	500.00	-	1.01	501.01
12-02-2019	Mahesh Shivanand Desai	400.00	-	-	400.00
15-02-2019	Nina waterproofing Systems Pvt Ltd	12.50	2.74	0.34	15.59
15-02-2019	Bundl Technologies Private Limited	400.00	-	-	400.00
15-02-2019	Mohalla Tech Private Limited	50.00	-	-	50.00
15-02-2019	Maxheap Technologies Private Limited	50.00	-	-	50.00
20-02-2019	NCD Coupon Payment 2017-XVII	-	27.71	14.79	42.50
22-02-2019	Nobroker Technologies Solutions Pvt Ltd	50.00	-	-	50.00
22-02-2019	Rivigo Services Private Limited	250.00	-	-	250.00
27-02-2019	Janakalyan Sahakari Bank Ltd	150.00	-	-	150.00
28-02-2019	NCD Coupon Payment 2012-VII	-	60.18	35.32	95.50
28-02-2019	Bank CC Interest	-	-	44.79	44.79
01-03-2019	Bank Interest Payment	-	-	476.71	476.71
14-03-2019	Uco Bank	250.00	-	0.82	250.82
20-03-2019	Uco Bank	500.00	-	2.41	502.41
20-03-2019	NCD Payment Series 2016-II	370.00	18.86	13.98	402.84
22-03-2019	NCD Coupon Payment 2016-II	-	9.17	6.89	16.06
22-03-2019	IDBI BANK LTD	675.00	-	3.79	678.79
22-03-2019	IDBI BANK LTD	75.00	-	0.42	75.42
22-03-2019	Syndicate Bank	1,000.00	-	5.32	1,005.32
22-03-2019	NCD Coupon payment 2011 - II	-	117.39	88.61	206.00
22-03-2019	NCD Coupon payment 2016-III	-	33.45	25.25	58.70
22-03-2019	NCD Coupon payment 2018-VIII	-	51.29	38.71	90.00
25-03-2019	State Bank of India	250.00	-	1.56	251.56
25-03-2019	UCO BANK	500.00	-	3.04	503.04
27-03-2019	IL & FS Infra Asset management Co Ltd	200.00	9.91	6.59	216.50
28-03-2019	Bank of Baroda	743.20	-	5.11	748.31
28-03-2019	Bank of Baroda	500.00	-	3.44	503.44
28-03-2019	Bank of Baroda	250.00	-	1.72	251.72
28-03-2019	NCD Coupon payment 2016-V	250.00	12.31	9.94	272.25
28-03-2019	NCD Coupon payment 2016-V	-	72.90	58.82	131.72
28-03-2019	NCD Coupon payment 2016-V	-	24.98	20.16	45.14
28-03-2019	NCD Coupon payment 2018-IX	-	96.85	78.15	175.00
29-03-2019	Canara Bank	250.00	-	1.83	251.83
29-03-2019	Canara Bank	500.00	-	3.66	503.66
29-03-2019	Canara Bank	250.00	-	1.83	251.83
30-03-2019	PERSISTENT SYSTEMS LTD	160.00	8.64	5.96	174.60
30-03-2019	Indian Overseas Bank	125.00	-	0.93	125.93
30-03-2019	Bank CC Interest	-	-	49.61	49.61
30-03-2019	Bank Loan Interest	-	-	438.63	438.63
	Total	42,558.69	3,722.55	3,920.96	50,202.19

Note: The above figures has been calculated as per the original contractual maturity and does not include interest accrued on default amount



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(46) Earnings per Share

	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit attributable for Owners (Rs in mn)	(132,745.27)	95.16
Weighted Average number of Equity Shares (Basic and Diluted EPS)	265,667,555	265,667,555
Face Value (Rs per Share)	10.00	10.00
Basic and Diluted Earnings (Rs per Share)	(499.67)	0.36

(47) Segment Reporting

The Company is in the business of providing financial services. As such, all activities undertaken by the Company are incidental to the main business segment based on the reporting to key managerial persons (KMPs)

(48) Related Party Transactions

48.1 As per Ind AS 24 on 'Related party disclosures' the related parties of the Company are as follows:

(A) A person or a close member of that person's family is related to a reporting entity if that person

- (i) has control or joint control over the reporting entity; - NIL
- (ii) has significant influence over the reporting entity; or - NIL
- (iii) Is a member of the key management personnel of the reporting entity

- (a) Mr Ravi Parthasarathy, Chairman (upto July 21, 2018)
- (b) Mr Hari Sankaran, Director (upto October 1, 2018)
- (c) Mr Arun Saha, Director (upto October 1, 2018)
- (d) Mr Ramesh Bawa, Managing Director & CEO (upto September 21, 2018)
- (e) Mr Surinder Singh Kohli, Director (upto September 19, 2018)
- (f) Ms Subhalakshmi Panse, Director (upto September 20, 2018)
- (g) Ms Renu Chailu, Director (upto September 17, 2018)
- (h) Mr Uday Ved, Director (upto September 20, 2018)
- (i) Mr Vibhav Kapoor, Director (upto September 20, 2018)
- (j) Mr Rajesh Kotian, Deputy Managing Director (upto July 3, 2018)
- (k) Mr Vineet Nayyar, Chairman (wef October 26, 2018)
- (l) Mr C S Rajan, Director (wef October 26, 2018)
- (m) Mr N Srinivasan, Director (wef January 8, 2019)
- (n) Dr. Ms Malini Shankar, Director (wef October 26, 2018)
- (o) Mr Nand Kishore, Director (wef October 26, 2018)
- (p) Mr Kaushik Modak, Chief Executive Officer (wef October 26, 2018)
- (q) Ms Neelam Desai, Company Secretary
- (r) Mr Deepak Pareek, Chief Financial Officer

(iv) Relatives of Key Management Personnel (KMP)

- (a) Ms Rhea Parthasarathy
- (b) Mr Abhishek Bawa



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(B) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)-

(a) **PARENT COMPANY/ ENTITIES THAT HAS CONTROL OVER THE REPORTING ENTITY**

Infrastructure Leasing and Financial Services Limited (IL&FS)

(b) **SUBSIDIARIES – DIRECT**

- (i) IL&FS Capital Advisors Limited*
- (ii) IL&FS Broking Services Private Limited*
- (iii) IL&FS Global Financial Services Pte. Limited
- (iv) IL&FS Global Financial Services (UK) Limited*
- (v) IL&FS Global Financial Services (ME) Limited*
- (vi) IL&FS Global Financial Services (HK) Limited*
- (vii) IL&FS IIFC Fund
- (viii) IL&FS Investment Trust IV
- (ix) IL&FS Orix Trust

* The above subsidiaries of IFIN are under Liquidation

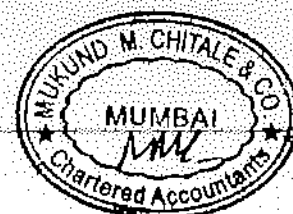
(c) **FELLOW SUBSIDIARIES - DIRECT**

1	Chhattisgarh Highway Development Company Limited
2	Chhotagovindpur & Bagbera Drinking Water Supply Project Limited
3	IL&FS Academy of Applied Development
4	IL&FS Airports Limited
5	IL&FS Education & Technology Services Limited
6	IL&FS Energy Development Company Limited
7	IL&FS Environmental Infrastructure & Service Limited
8	IL&FS Global Pte Limited
9	IL&FS Investment Managers Limited
10	IL&FS Maritime Infrastructure Company Limited
11	IL&FS Paradip Refinery Water Limited
12	IL&FS Portfolio Management Services Limited
13	IL&FS Securities Services Limited
14	IL&FS Technologies Limited
15	IL&FS Township & Urban Assets Limited
16	IL&FS Transportation Networks Limited
17	IL&FS Water Limited
18	CPG BPM Services Private Limited (formerly known as ISSL CPG BPO Private Limited wef October 09, 2018)
19	ISSL Settlement & Transaction Services Limited
20	Jharkhand Accelerated Road Development Company Limited
21	Khambhat Port Limited
22	MP Toll Roads Limited
23	Tamil Nadu Water Investment Company Limited



(d) FELLOW SUBSIDIARIES – INDIRECT OF PARENT ENTITY

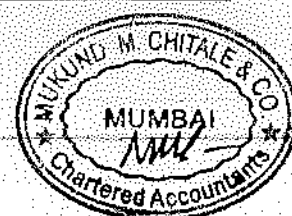
1	Alcantarilla Fotovoltanica SLU
2	Amravati Chikhli Expressway Limited
3	Andhra Pradesh Urban Infrastructure Asset Management Limited
4	Angeerasa Greenfields Private Limited*
5	Area De Servicio Colros SLU
6	Area de Servicio Punta Umbria SLU
7	Atenea Seguridad Y Medio Ambiente SAU
8	Avash Logistic Park Pvt Limited
9	Badarpur Tollway Operations Management Limited #
10	Baleshwar Kharagpur Expressway Limited
11	Barwa Adda Expressway Limited
12	Beasolarta, SLU
13	Bhopal e-Governance Limited
14	Capacity Swap Linkage Limited
15	Charminar Robopark Limited
16	Chenani Nashri Tunnelway Limited
17	CIESM INTEVIA SAU
18	Conservacion de Infraestructuras De Mexico SD DE CV
19	Control 7, SAU
20	Cuddalore Solar Power Pvt Limited
21	Dakshin Dilli Swatch Initiative Limited
22	Dehradun Integrated Arena Limited (from May 23, 2018)
23	Downtown Recreations Private Limited*
24	East Delhi Waste Processing Company Pvt Limited
25	East Hyderabad Expressway Limited
26	Ekadanta Greenfields Private Limited*
27	Elsamex Colombia SAS
28	Elsamex Construcao e Manutentcao LTDA (Brazil)
29	Elsamex India Private Limited
30	Elsamex International, SLU
31	Elsamex Maintenance Services Limited
32	Elsamex Portugal - Engenharia e Sistemas de Gestao SA
33	Elsamex SA
34	Elsamex Vietnam Joint Stock Company
35	ESM Mantenimiento Integral SA DE CV
36	Etesian Urja Limited (formerly Bhopur Biomass Power Company Limited)
37	Fagne Songadh Expressway Limited
38	Futureage Infrastructure India Limited
39	GRICL RAIL Bridge Development Co Limited
40	Grusamar Albania SHPK
41	Grusamar India Limited
42	Grusamar Ingenieria y Consulting Colombia SAS
43	Grusamar Ingenieria y Consulting, SLU
44	Grusamar Engenharia & Consultoria Brasil LTDA
45	Gujarat Integrated Maritime Complex Pvt Limited
46	Hazaribagh Ranchi Expressway Limited
47	Hill County Properties Limited
48	Hill County SEZ Private Limited*
49	IIML Asset Advisors Limited
50	IIML Fund Managers (Singapore) Pte Limited
51	IIPL Laos Pte Ltd
52	IIPL USA LLC
53	IL&FS Africa Infrastructure Development Company



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

54	IL&FS AMC Trustee Limited
55	IL&FS Asian Infrastructure Managers Limited
56	IL&FS Cluster Development Initiative Limited
57	IL&FS Engineering & Construction Company Limited
58	IL&FS Infra Asset Management Limited
59	IL&FS Investment Advisors LLC
60	IL&FS Maritime International FZE
61	IL&FS Offshore Natural Resources Pte Limited
62	IL&FS Prime Terminals FZC
63	IL&FS Rail Limited
64	IL&FS Renewable Energy Limited (Merged with IEDCL on April 20, 2018)
65	IL&FS Skills Development Corporation Limited
66	IL&FS Solar Power Limited
67	IL&FS Tamil Nadu Power Company Limited
68	IL&FS Technologies Philippines Inc
69	IL&FS Urban Infrastructure Managers Limited
70	IL&FS Wind Energy Limited (formerly Mandvi LNG Terminal Ltd)
71	IL&FS Wind Power Services Limited
72	IL&FS Maritime Offshore Pte Limited
73	IMICL Dighi Maritime Limited
74	India Tourist & Heritage Village Private Limited
75	Integrated Trans Log Development Company Limited
76	Inteval-Gestao Integral Rodoviaria S.A
77	ITNL Africa Projects Limited
78	ITNL Infrastructure Developer LLC
79	ITNL International DMCC
80	ITNL International Pte Limited *
81	ITNL Offshore Pte Limited *
82	ITNL Offshore Three Pte Limited *
83	ITNL Offshore Two Pte Limited *
84	ITNL Road Infrastructure Development Company Limited
85	Jeedimetla Residential Homes Private Limited*
86	Jharkhand Infrastructure Implementation Company Limited
87	Jharkhand Road Projects Implementation Company Limited
88	Jogihalli Wind Energy Private Limited
89	Jorabat Shillong Expressway Limited (from August 16, 2018)
90	Kanak Resources Management Limited
91	Karyavattom Sports Facilities Limited
92	Kaze Energy Limited
93	Khandke Wind Energy Private Limited
94	Khed Sinner Expressway Limited
95	Kiratpur-Ner Chowk Expressway Limited
96	Lalpur Wind Energy Private Limited
97	Land Registration Systems Inc, (Philippines)
98	LIVIA India Limited
99	Mahidat Wind Energy Private Limited
100	Mantenimiento y Conservacion de Vialidades SA DE CV
101	Maritime International Offshore Pte Limited
102	Maytas Infra Assets Limited*
103	Maytas Infra Saudi Arabia Company (Foreign Subsidiary) *
104	Maytas Logiparks (Isnapur) Private Limited*
105	Maytas Logiparks (Malkapur) Private Limited*
106	Maytas Metro Limited*
107	Maytas Vasishta Varadhi Limited*
108	Moradabad Bareilly Expressway Limited



109	Mota Layja Gas Power Company Limited
110	MP Border Checkpost Development Company Limited
111	Nana Layja Power Company Limited
112	North Karnataka Expressway Limited
113	Park Line LLC
114	Patiala Bio Power Company Limited
115	Porto Novo Maritime Limited
116	Pt Bangun Asla Persada
117	Pt Mantimin Coal Mining
118	Pune Sholapur Road Development Company Limited
119	Ramagiri Renewable Energy Limited
120	Ranchi Murl Road Development Limited
121	Rapid MetroRail Gurgaon Limited
122	Rapid MetroRail Gurgaon South Limited
123	Ratedi Wind Power Private Limited
124	RDF Power Projects Limited
125	Rohtas Bio Energy Limited
126	Sabarmati Capital One Limited
127	Sabarmati Capital Two Limited
128	Saptaswara Agro-Farms Private Limited*
129	Se7en Factor Corporation
130	Sealand Ports Private Limited
131	Sealand Warehousing Private Limited
132	Senalizacion, Viales e Imagen SAU
133	Sharjah General Services LLC (upto August 9, 2018)
134	Shendra Green Energy Limited
135	Sikar Bikaner Highway Limited
136	Sipla Wind Energy Limited
137	Skill Training Assessment Management Partners Limited
138	Srinagar Sonamarg Tunnelway Limited
139	Swayam Swachhta Initiative Limited
140	Tadas Wind Energy Private Limited
141	Tierra Enviro Limited
142	Unique Waste Processing Company Limited
143	Vansh Nimay Infraprojects Limited
144	Vejas Power Projects Limited (formerly IL&FS Wind Projects Development Ltd)
145	West Gujarat Expressway Limited
146	Wind Urja India Private Limited
147	Yala Construction Company Private Limited

(e) **JOINT VENTURES – DIRECT**

Syniverse Technologies (India) Private Limited

(f) **JOINT VENTURES – INDIRECT OF PARENT ENTITY**

1	Bihar e-Governance Services & Technologies Limited
2	Gujarat International Finance Tec-City Company Limited
3	Haldia Integrated Development Agency Limited
4	Jharkhand e-Governance Solutions & Services Limited @
5	Karnataka Enterprise Solutions Limited (upto July 10, 2018)
6	Odisha e-Governance Services Limited



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

7	Road Infrastructure Deve. Company of Rajasthan Limited
8	IKG Associates *
9	IL&FS DoC Project Development Fund *
10	Assam Power Project Development Company Limited
11	Bengal Integrated Infrastructure Development Limited
12	Bengal Urban Infrastructure Development Limited
13	Bihar Power Infrastructure Company Private Limited
14	Chennai Industrial Water Utility Company Limited
15	Chongqing Yuhe Expressway Co. Limited
16	Consortio de Obras Civiles Conciviles. SRL
17	Cross Border Power Transmission Limited
18	Damodar Valley Tourism Development Private Limited
19	Free Trade Warehousing Private Limited
20	Future Retail Destination Limited
21	Geotecnia y Control De Qualitat SA
22	Gujarat Industrial Infrastructure Project Limited
23	Gujarat Tourism Opportunity Limited
24	Hubballi Dharwad Water Supply Project Ltd
25	IL&FS Milestone Realty Advisors Private Limited
26	Indraprastha Energy & Waste Mgmt Company Limited
27	Infrastructure Development Company of Nagaland Private Limited
28	Infrastructure Development Corporation of Assam Limited*
29	Jharkhand Infrastructure Development Corporation Limited*
30	Jorabat Shillong Expressway Limited (upto August 15, 2018)
31	KSIIDC-IL&FS Project Development Company Limited
32	Kukuza Project Development Company
33	NAM Expressway Limited (upto August 15, 2018)
34	Noida Toll Bridge Company Limited
35	ONGC Tripura Power Company Limited
36	Orissa Project Development Company Limited
37	PDCOR Limited
38	Saurya Urja Company of Rajasthan Limited
39	South Coast Infrastructure Development Company of Andhra Pradesh Limited
40	Standard Chartered IL&FS Management (Singapore) Pte Limited*
41	Uttarakhand Infrastructure Projects Company Limited
42	Vias y Construcciones, Viacon SRL

(g) ASSOCIATES – INDIRECT OF PARENT ENTITY

1	Dighi Port Limited
2	Dighi Project Development Company Limited
3	Mangalore SEZ Limited
4	Canopy Housing & Infrastructure Limited
5	ITNL Toll Management Services Limited
6	KSIDC IL&FS IDC Infrastructure Limited
7	New Tirupur Area Development Corporation Limited
8	Punjab Biomass Power Limited
9	Srinagar Sonamarg Tunnelway Limited (upto August 15, 2018)
10	Thiruvananthapuram Road Development Company Limited



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

11	Urban Mass Transit Company Limited
12	Urjankur Shree Tatyasaheb Kore Warma Power Company Limited
13	Vizag Agriport Private Limited
14	Warora Chandrapur Ballarpur Toll Road Limited *
15	CGI-8, S.A
16	Sociedad Concessionaria Autovía A-4 Madrid
17	Ramky Elsamex Hyderabad Ring Road Limited
18	Elsamex Road Technology Company Limited
19	Elsamex Roads & Infrastructure WLL
20	Parlo Developers Private Limited *

(h) OTHER ENTERPRISES OVER WHICH IL&FS DIRECTLY OR INDIRECT HAS CONTROL

1	IL&FS Employees Welfare Trust
2	IL&FS Investment Trust I
3	ITNL Road Investment Trust
4	Saffron Investment Trust

- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)

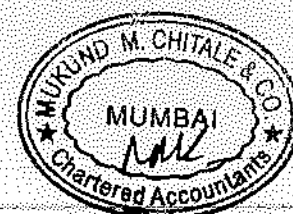
(a) SUBSIDIARY OF INDIRECT ASSOCIATE OF PARENT ENTITY

1	Rajasthan Land Holdings Limited
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(b) SUBSIDIARY OF INDIRECT JOINT VENTURE OF PARENT ENTITY

1	GIFT Collective Investment Management Company Limited
2	GIFT SEZ Limited
3	GIFT District Cooling Systems Limited
4	GIFT ICT Services Limited
5	GIFT Power Company Limited
6	GIFT Waste Management Services Limited
7	GIFT Water Infrastructure Limited
8	RIDCOR Infra Projects Limited
9	Mussoorie Sky Car Co Pvt Ltd*
10	Birhl Power Co. Pvt Ltd*
11	Seraghat Power Co Pvt Ltd*
12	Haldia Free Trade Warehousing Private Limited*
13	Kandla Free Trade Warehousing Private Limited*

- (iii) Both entities are joint ventures of the same third party – NIL
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity - NIL
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity – NIL



IL&FS Financial Services Limited

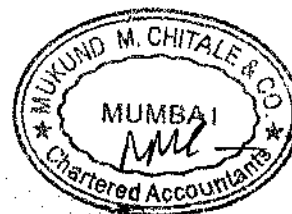
Notes to accounts to the financial statements for the year ended March 31, 2019

- (vi) The entity is controlled or jointly controlled by a person identified in (a)- NIL
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) - NIL
- (viii) The entity, or any member of group of which it is part, provided key management personnel services to the reporting entity or to the parent of the reporting entity- NIL
- (ix) The list of parties given above are taken as per the classification done by the Parent Company i.e. IL&FS

* *The Shareholding Patterns of these Companies have not been received for March 31, 2019, and these Companies have been considered based on the last available information*

@ *The Companies have filed an application for stick off of name with MCA under Fast Track Exit scheme*

These Companies have filed an application for Voluntary Liquidation



Notes to accounts to the financial statements for the year ended March 31, 2019

48.2 The nature and volume of the transactions during the year ended March 31, 2019 with the above related parties were as follows:

(Rs in Million)

Particulars	Holding Company		Subsidiaries of FIN		Fellow Subsidiaries		Joint Venture		Other Enterprises		KMP		Total	
	April 1, 2018 to September 30, 2018	October 1, 2018 to March 31, 2019	April 1, 2018 to September 30, 2018	October 1, 2018 to March 31, 2019	April 1, 2018 to September 30, 2018	October 1, 2018 to March 31, 2019	April 1, 2018 to September 30, 2018	October 1, 2018 to March 31, 2019	April 1, 2018 to September 30, 2018	October 1, 2018 to March 31, 2019	April 1, 2018 to September 30, 2018	October 1, 2018 to March 31, 2019	April 1, 2018 to September 30, 2018	October 1, 2018 to March 31, 2019
Income														
Interest Income	-	-	-	-	(134.86)	559.37	424.51	-	-	-	(134.86)	559.37	424.51	
Investment Income	-	-	0.32	-	(226.62)	(264.83)	(491.45)	-	0.80	24.90	(225.51)	(239.92)	(465.43)	
Fee & Other Income	(1.05)	(0.08)	(3.86)	(0.32)	(59.53)	-	(59.53)	-	-	-	(64.44)	(0.40)	(64.84)	
Total Income	(1.05)	(0.08)	(3.53)	(0.32)	(421.01)	294.54	(126.47)	-	0.80	24.90	(424.81)	319.05	(105.76)	
Expenses														
Interest & Finance Charges	-	-	2.72	4.66	49.67	51.52	101.20	-	-	-	52.39	56.13	108.57	
Operating Expenses	74.44	82.34	4.17	1.38	83.29	33.08	116.38	-	-	-	163.91	117.08	280.99	
Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenses	74.44	82.34	6.89	6.04	132.97	84.61	217.58	-	-	-	100.94	20.64	121.58	
Assets														
Loans & Advances	1,741.83	-	3.20	-	(589.47)	0.03	(589.39)	-	-	-	1,155.56	0.08	1,155.64	
Investments	-	-	(6.32)	-	(195.50)	(1,164.12)	(1,359.62)	-	(26.98)	(156.02)	(228.79)	(1,320.14)	(1,548.93)	
Trade Receivable	-	-	(0.01)	-	176.53	(200.89)	(24.36)	-	-	-	176.52	(200.89)	(24.36)	
Other Current Assets	18.57	(21.55)	9.92	(9.83)	(303.03)	(395.86)	(698.89)	-	-	-	(274.53)	(437.63)	(702.17)	
Total Assets	1,760.40	(21.95)	6.80	(9.83)	(911.47)	(1,760.78)	(2,672.25)	-	(26.98)	(156.02)	828.76	(1,948.58)	(1,119.82)	
Liabilities														
Short-term Borrowing	-	-	(7.50)	-	933.89	-	933.89	-	-	-	936.39	-	936.39	
Trade Payables	(7.60)	1.23	(9.02)	6.60	(5.31)	9.08	3.78	-	-	-	(21.32)	16.92	(4.40)	
Other Current Liabilities	-	-	(2.72)	1.08	(111.26)	(46.86)	(158.12)	-	-	-	(113.98)	(45.78)	(159.76)	
Total Liabilities	(7.60)	1.23	(19.24)	7.68	(11.55)	(37.77)	779.55	-	-	-	791.09	(28.86)	762.23	
Total	1,876.80	61.55	1,888.35	3.57	(362.19)	(1,419.40)	(1,901.60)	-	(26.18)	(131.12)	102.95	20.91	123.86	47.79



Notes to accounts to the financial statements for the year ended March 31, 2019

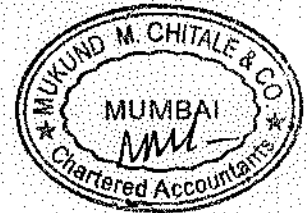
48.3 The balances with related parties as on March 31, 2019 is as follows:

(Rs in million)

Particulars	Holding Company	Subsidiaries	Fellow Subsidiaries	Joint Venture	Other Enterprises	KMP	Total
Assets							
Loans & Advances	15.00	9.95	56,495.60	-	0.02	-	56,520.56
Investments	-	646.56	2,178.06	100.50	1,836.08	-	4,761.19
Trade Receivable	-	0.75	1,390.35	-	-	-	1,391.09
Other Current Assets	-	-	3,019.12	-	-	31.63	3,050.75
Total Assets	15.00	657.25	63,083.12	100.50	1,836.11	31.63	65,723.60
Liabilities							
Short-term Borrowing	-	(75.00)	(1,133.89)	-	-	-	(1,208.89)
Other Current Liabilities	-	(0.20)	(16,011.92)	-	-	-	(16,012.12)
Trade Payables	4.23	(44.30)	(0.48)	-	-	-	(40.55)
Other Long Term Liabilities	-	-	(73.06)	-	-	-	(73.06)
Total Liabilities	4.23	(119.50)	(17,219.35)	-	-	-	(17,334.63)

Note : The following information has not been presented above, as the Company is in the process of compiling this information :

- 1) Comparative information for the year ended March 31, 2018 under Ind AS
- 2) The Balance shown above are gross values and does not include adjustment carried towards ECL and impairments for Ind AS adjustments.



Notes to accounts to the financial statements for the year ended March 31, 2019

(49) Capital Management

The Company is registered as Non Deposit Non-Banking Finance Company (ND- NBFC) with Reserve Bank of India. The Company is required to maintain regulated Capital Adequacy Ratio (CRAR) of minimum 15% with minimum Tier I Capital of 10%. Tier I Capital [also referred as Net Owned Fund ("NOF")] is computed as Owned Fund (refer footnote) reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year

Further the Company is require to have minimum NOF of Rs 20 mn to be eligible to hold registration as Non-Banking Finance Company

The Company has been unable to maintain minimum capital as well as minimum NOF as required under the RBI regulations, accordingly is not in a position to meet its capital requirement RBI Prudential Norms as on March 31, 2019 as per the table below:

	As on March 31, 2019
(i) Capital Adequacy Ratio (CRAR)	(520.29%)
(ii) Tier I Capital	(520.29%)
(iii) Tier II Capital (shall not exceed Tier I capital)	-
(iv) Amount of Subordinated debt raised as Tier II Capital (Rs in million)	10,000
(v) Amount of Perpetual debt instrument (Rs in million)	2,000

Footnote: Owned funds mean equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure

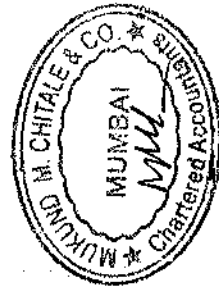


Notes to accounts to the financial statements for the year ended March 31, 2019

(50) Maturity Analysis

(Rs in million)

	As at March 31, 2019			As at March 31, 2018			As at March 31, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets									
Cash and cash equivalents	9,649.04	-	9,649.04	7,990.26	-	7,990.26	29,106.18	-	29,106.18
Bank balances other than cash & cash equivalents	-	0.94	0.94	-	2,500.48	2,500.48	-	-	-
Derivative financial instruments	-	60.16	60.16	-	1,520.78	1,520.78	-	572.71	572.71
Securities held for trading	540.67	-	540.67	2,227.01	-	2,227.01	1,195.14	-	1,195.14
Trade receivables	2.73	-	2.73	917.49	-	917.49	1,145.87	-	1,145.87
Loans	191.71	11,172.55	11,364.26	41,210.71	83,143.88	124,354.59	30,992.08	64,854.09	95,846.17
Investments	907.21	10,138.50	11,045.71	2,612.66	24,864.19	27,476.85	2,810.81	21,336.93	24,147.74
Other financial assets	47.14	321.18	368.32	271.82	2,503.64	2,775.46	332.47	2,884.50	3,216.97
Non-financial assets									
Current tax assets (net)	-	969.62	969.62	-	942.30	942.30	-	837.61	837.61
Deferred tax assets (net)	-	-	-	-	10,051.74	10,051.74	-	9,433.60	9,433.60
Investment Property	-	3,994.71	3,994.71	-	6,059.80	6,059.80	-	5,772.10	5,772.10
Property, plant and equipment	-	52.66	52.66	-	78.98	78.98	-	39.60	39.60
Capital work in progress	-	5.63	5.63	-	6.99	6.99	-	6.62	6.62
Other intangible assets	-	7.23	7.23	-	10.65	10.65	-	4.75	4.75
Other non-financial assets	249.97	-	249.97	141.54	-	141.54	99.26	-	99.26
Total Assets	11,588.47	26,723.18	38,311.65	55,371.49	131,683.43	187,054.92	65,681.81	105,742.51	171,424.32
Financial Liabilities									
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Trade payables	205.39	-	205.39	342.34	-	342.34	12.80	13.69	26.49
Debt securities	13,572.62	28,650.00	42,222.62	7,993.08	32,752.50	40,745.58	271.81	-	271.81
Borrowings (other than debt securities)	45,535.64	43,127.63	88,663.27	29,144.52	57,143.60	86,288.12	3,608.38	32,347.50	35,955.88
Deposits	18,076.81	-	18,076.81	38,683.56	51.53	38,735.09	32,652.37	48,101.80	80,754.17
Subordinated liabilities	980.32	15,427.59	16,407.91	347.75	14,427.59	14,775.34	32,765.62	544.03	33,309.65
Other financial liabilities	38.93	465.99	504.92	36.38	460.09	496.47	546.57	12,427.59	12,974.16
Non-financial liabilities									
Provisions	-	54.24	54.24	-	456.59	456.59	-	305.62	305.62
Deferred tax liabilities	-	1.09	1.09	-	-	-	-	-	-
Other non-financial liabilities	221.03	-	221.03	493.97	-	493.97	2,296.70	-	2,296.70
Total Liabilities	78,630.74	87,726.54	166,357.28	77,041.60	105,291.90	182,333.50	72,193.14	93,743.36	165,936.50
Net	(67,042.27)	(61,003.36)	(128,045.63)	(21,670.11)	26,391.53	4,721.42	(6,511.33)	11,999.15	5,487.82



IL&FS Financial Services Limited

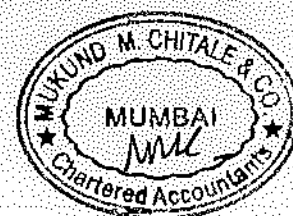
Notes to accounts to the financial statements for the year ended March 31, 2019

(51) Fair Value Measurement

51.1 Financial Assets carried at Fair Value

(Rs in million)

As at March 31, 2019				
	Level 1	Level 2	Level 3	Total
Equity Instruments	946.64	2,193.25	2,939.38	6,079.27
Government securities/T bills	540.67	-	-	540.67
Mutual fund units	2,901.75	-	-	2,901.75
Others (Preference share)	-	-	110.48	110.48
Debt securities	-	-	-	-
Units of Other Funds	-	-	1,766.89	1,766.89
Investment Carried at FVTPL	4,389.06	2,193.25	4,816.72	11,399.06
Derivatives Assets	-	-	60.16	60.16
Derivatives Liabilities	-	-	-	-
As at March 31, 2018				
	Level 1	Level 2	Level 3	Total
Equity Instruments	3,637.20	5,636.74	5,059.23	14,333.17
Government securities/T bills	2,227.01	-	-	2,227.01
Mutual fund units	2,635.38	-	-	2,635.38
Others (Preference share)	-	-	952.42	952.42
Debt securities	-	-	2,349.31	2,349.31
Units of Other Funds	-	-	2,222.45	2,222.45
Investment Carried at FVTPL	8,499.59	5,636.74	10,583.41	24,719.74
Derivatives Assets	-	-	1,520.78	1,520.78
Derivatives Liabilities	-	-	-	-
As at March 31, 2017				
	Level 1	Level 2	Level 3	Total
Equity Instruments	5,638.98	2,254.24	4,792.54	12,685.76
Government securities/T bills	1,195.14	-	-	1,195.14
Mutual fund units	2,141.76	-	-	2,141.76
Others (Preference share)	-	-	-	-
Debt securities	-	-	253.57	253.57
Units of Other Funds	-	-	2,340.65	2,340.65
Investment Carried at FVTPL	8,975.88	2,254.24	7,386.76	18,616.88
Derivatives Assets	-	-	572.71	572.71
Derivatives Liabilities	12.80	-	13.69	26.49



Notes to accounts to the financial statements for the year ended March 31, 2019

51.2 Financial Assets carried at Fair Value through Other Comprehensive Income

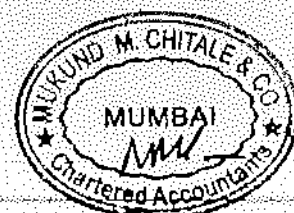
(Rs. In million)

	Level 1	Level 2	Level 3	Total
As at March 31, 2019	-	-	-	-
As at March 31, 2018	-	-	1,311.36	1,311.36
As at March 31, 2017	-	-	2,561.10	2,561.10

51.3 Financial Assets carried at Amortized Cost or Cost

(Rs. In million)

	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
As at 31/03/2019				
Financial Assets				
- Cash & Cash Equivalent	9,649.04	9,649.04		
- Bank Balance Other Than Above	0.94	0.94		
- Receivables	2.73			2.73
- Loans & Advances	11,364.26		11,364.26	
- Investments	187.32		5.00	182.32
- Other Financial Assets	368.32			368.32
Financial Liabilities				
- Payables	205.39			205.39
- Borrowings	165,370.61		165,370.61	
- Other Financial Liabilities	504.92			504.92
As at 31/03/2018				
Financial Assets				
- Cash & Cash Equivalent	7,990.26	7,990.26		
- Bank Balance Other Than Above	2,500.48	2,500.48		
- Receivables	917.49			917.49
- Loans & Advances	123,043.23		123,043.23	
- Investments	4,984.12		3,803.84	1,180.28
- Other Financial Assets	2,775.46			2,775.46
Financial Liabilities				
- Payables	342.34			342.34
- Borrowings	180,544.13		180,544.13	
- Other Financial Liabilities	496.47			496.47
As at 31/03/2017				
Financial Assets				
- Cash & Cash Equivalent	29,106.18	29,106.18		
- Bank Balance Other Than Above	-	-		
- Receivables	1,145.87			1,145.87
- Loans & Advances	93,285.07		93,285.07	
- Investments	6,726.00		5,449.90	1,276.10
- Other Financial Assets	3,216.97			3,216.97
Financial Liabilities				
- Payables	271.81			271.81
- Borrowings	162,993.86		162,993.86	
- Other Financial Liabilities	42.02			42.02



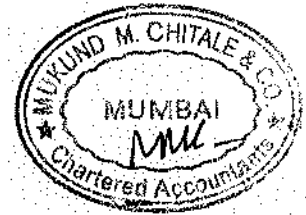
IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

51.4 Fair valuation techniques

The Company has not computed fair valuation of the above asset given the uncertainty with respect to the IL&FS Group. However the Company has identified the appropriate valuation technique in each of the above financial assets and liabilities set out as per the table below:

Particulars	Valuation Technique
<u>Financial Assets</u>	
- Cash & Cash Equivalent	Fair value approximate to current value
- Bank Balance Other Than Above	Fair value approximate to current value
- Receivables	Fair value approximate to current value
- Loans & Advances	Yield to Maturity (YTM)
- Investments	Level 2- Yield to Maturity (YTM), Book value multiple, EV/EBITDA Multiples using market comparables
- Other Financial Assets	Level 3- At Cost
	Fair value approximate to current value
<u>Financial Liabilities</u>	
- Payables	Fair value approximate to current value
- Borrowings	Yield to Maturity (YTM)
- Other Financial Liabilities	Fair value approximate to current value



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(52) Risk Management on Financial Instruments

52.1 Credit Risk

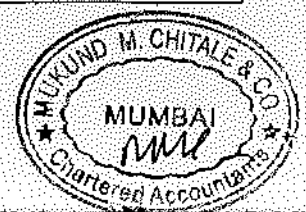
(a) Maximum Credit Risk

(Rs in million)

	IL&FS Group entities	Non IL&FS entities	Retail Portfolio	Total
As at March 31, 2019				
Cash and cash equivalents	-	9,649.04	-	9,649.04
Other Bank balances	-	0.94	-	0.94
Derivative financial Instruments	-	60.16	-	60.16
Trade receivables	1,470.11	-	-	1,470.11
Loans	54,844.84	75,919.06	-	130,763.90
Investments at amortised cost	1,700.09	5.00	-	1,705.09
Other financial assets	3,291.88	2,231.75	-	5,523.63
Total	61,304.18	87,868.68	-	149,172.86
As at March 31, 2018				
Cash and cash equivalents	-	7,990.26	-	7,990.26
Other Bank balances	-	2,500.48	-	2,500.48
Derivative financial Instruments	-	1,520.78	-	1,520.78
Trade receivables	1,503.67	84.08	-	1,587.75
Loans	58,397.45	87,515.32	6,701.93	152,614.70
Investments at amortised cost	1,909.53	2,226.63	-	4,136.16
Other financial assets	348.70	2,468.87	-	2,817.57
Total	62,159.35	104,306.42	6,701.93	173,167.70
As at March 31, 2017				
Cash and cash equivalents	-	29,106.19	-	29,106.19
Other Bank balances	-	-	-	-
Derivative financial Instruments	-	572.71	-	572.71
Trade receivables	1,114.01	326.93	-	1,440.94
Loans	33,687.13	83,558.68	6,198.66	123,444.47
Investments at amortised cost	2,103.20	3,719.73	-	5,822.93
Other financial assets	56.66	3,160.32	-	3,216.98
Total	36,961.00	120,444.56	6,198.66	163,604.22

(b) Item exposed to Credit Risk

Financial Assets Components	Risk Mitigation Measures
Cash and cash equivalents	Instruments carrying low probability of default
Other bank balances	Instruments carrying low probability of default
Derivative financial Instruments	OTC Derivatives represents receivable in the event of default on lending exposure
Trade receivables	Fee based receivable on services provided. Unsecured in nature
Loans	Cash Deposit, Listed Shares, Real Estate, Hypothecation of receivable, unlisted instruments
Investments at amortised cost	Mainly unsecured in nature
Other financial assets	Mainly unsecured in nature



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(c) Stage 3 Assets and Collateral Held

A. Loans

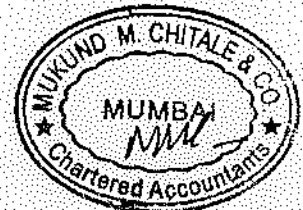
(Rs in million)

	IL&FS Group Entities	Non IL&FS Entities	Retail	Total
As on March 31, 2019				
Gross Carrying Amount	54,844.84	70,763.34	-	125,608.18
Loss Allowance	52,565.37	65,723.31	-	118,288.68
Net Carrying Amount	2,279.47	5,040.03	-	7,319.50
Collateral Held	9,020.00	14,874.12	-	23,894.12
As on March 31, 2018				
Gross Carrying Amount	292.68	22,207.17	-	22,499.85
Loss Allowance	161.24	12,884.72	-	13,045.96
Net Carrying Amount	131.44	9,322.45	-	9,453.89
Collateral Held	440.43	22,635.92	-	23,076.35
As on March 31, 2017				
Gross Carrying Amount	2,414.73	26,412.91	62.55	28,890.19
Loss Allowance	1,374.19	15,348.22	31.27	16,753.68
Net Carrying Amount	1,040.54	11,064.73	31.28	12,136.51
Collateral Held	2,344.04	32,474.72	-	34,818.76

B. Trade Receivables

(Rs in million)

	IL&FS Group Entities	Non IL&FS Entities	Retail	Total
As on March 31, 2019				
Gross Carrying Amount	1,467.38	-	-	1,467.38
Loss Allowance	1,467.38	-	-	1,467.38
Net Carrying Amount	-	-	-	-
As on March 31, 2018				
Gross Carrying Amount	623.60	-	-	623.60
Loss Allowance	623.60	-	-	623.60
Net Carrying Amount	-	-	-	-
As on March 31, 2017				
Gross Carrying Amount	186.43	50.54	-	236.97
Loss Allowance	186.43	50.54	-	236.97
Net Carrying Amount	-	-	-	-



IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

52.2 Liquidity Risk

(a) Liquidity Cushion

(A) High Quality Liquid Assets (HQLA) (Please refer note 1 below)

(Rs in million)

	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Cash and Bank Balance	9,649.04	7,990.26	29,106.19
Government Debt Securities	540.67	2,227.01	1,195.14
Liquid Mutual Fund Units	-	150.10	-
Certificate of Deposits	-	1,452.62	-
	10,189.71	11,819.99	30,301.33

Note 1 : The Company had defaulted on its obligation during September 2018 and as on March 31, 2019 the Company continues to be under default. The total default amount as on March 31, 2019 stands at Rs 46,281.23 million as per contractual maturity/date of payments excluding interest liabilities post October 15, 2018 aggregating to Rs 3,920.96 million. As the Company is currently under moratorium where it can make only "going concern" related payments. Accordingly, the liquid funds available as on March 31, 2019 cannot be used for the purpose of meeting its liabilities as these funds are insufficient to meet all its overdue obligations. Attention is drawn to note 1.2 in this matter

(B) Undrawn Bank Lines

(Rs in million)

	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Committed Lines from Banks	-	6,550.00	7,800.00



IL&FS Financial Services Limited

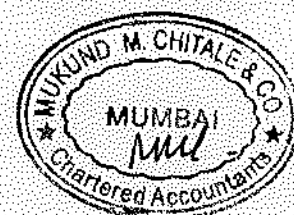
Notes to accounts to the financial statements for the year ended March 31, 2019

(b) Bucket wise Maturity

(Rs in million)

Particulars	As at March 31, 2019					Total
	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	
Financial Assets						
Cash and cash equivalents	9,649.04	-	-	-	-	9,649.04
Other Bank Balance	-	-	-	-	0.94	0.94
Derivative financial Instruments	-	-	-	60.16	-	60.16
Securities held for trading	-	540.67	-	-	-	540.67
Trade receivables	-	2.73	-	-	-	2.73
Loans	-	436.87	429.93	5,658.92	7,602.16	14,127.88
Investments	-	-	907.22	10,138.50	-	11,045.72
Other financial assets	-	47.13	-	321.18	-	368.31
Total undiscounted financial assets	9,649.04	1,027.40	1,337.15	16,178.76	7,603.10	35,795.45
Financial Liabilities						
Derivative financial Instruments	-	0.00	0.00	0.00	-	0.00
Trade payables	205.39	-	-	-	-	205.39
Debt securities	-	7,670.12	5,902.50	18,110.00	10,540.00	42,222.62
Borrowings	-	23,910.89	21,624.75	41,927.63	1,200.00	88,663.27
Deposits	-	17,109.67	1,040.00	0.00	0.00	18,149.67
Subordinated liabilities	-	980.32	0.00	10,427.59	5,000.00	16,407.91
Other Financial Liabilities	38.94	-	-	465.99	-	504.93
Total undiscounted financial liabilities	244.33	49,671.00	28,567.25	70,931.21	16,740.00	166,153.79
Total net financial assets / (liabilities)	9,404.71	(48,643.60)	(27,230.10)	(54,752.45)	(9,136.90)	(130,358.34)

Particulars	As at March 31, 2018					Total
	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	
Financial Assets						
Cash and cash equivalents	7,990.26	-	-	-	-	7,990.26
Other Bank Balance	-	-	-	-	2,500.48	2,500.48
Derivative financial Instruments	-	0.00	0.00	1,520.78	-	1,520.78
Securities held for trading	-	2,227.01	-	-	-	2,227.01
Trade receivables	-	964.15	-	0.00	-	964.15
Loans	-	12,709.79	48,322.89	95,069.82	18,512.35	174,614.85
Investments	-	150.10	2,462.56	24,864.19	-	27,476.85
Other financial assets	-	271.82	-	2,503.64	-	2,775.46
Total undiscounted financial assets	7,990.26	16,322.87	50,785.45	123,958.43	21,012.83	220,069.84
Financial Liabilities						
Derivative financial Instruments	-	-	-	-	-	-
Trade payables	342.38	-	-	-	-	342.38
Debt securities	-	3,253.37	7,941.80	30,431.87	12,124.93	53,751.97
Borrowings	-	3,489.81	32,849.12	65,404.50	0.00	101,743.43
Deposits	-	30,294.78	9,697.31	51.94	0.00	40,044.03
Subordinated liabilities	-	695.12	1,061.11	14,906.63	18,168.09	34,830.95
Other Financial Liabilities	36.37	-	-	460.09	-	496.46
Total undiscounted financial liabilities	378.75	37,733.08	51,549.34	111,255.03	30,293.02	231,209.22
Total net financial assets / (liabilities)	7,611.51	(21,410.21)	(763.89)	12,703.40	(9,280.19)	(11,139.38)



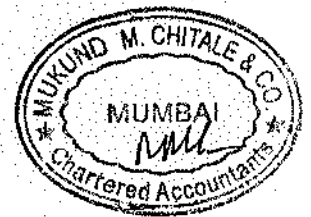
IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

Particulars	As at March 31, 2017					Total
	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	
Financial Assets						
Cash and cash equivalents	29,106.19					29,106.19
Other Bank Balance					0.00	0.00
Derivative financial instruments		0.00	0.00	572.71		572.71
Securities held for trading		1,195.14				1,195.14
Trade receivables		1,203.98		0.00		1,203.98
Loans	0.00	10,315.60	34,588.14	69,897.64	22,608.40	137,409.78
Investments		0.00	2,810.81	21,336.93		24,147.74
Other financial assets		332.48		2,884.50		3,216.98
Total undiscounted financial assets	29,106.19	13,047.20	37,398.95	94,691.78	22,608.40	196,852.52
Financial Liabilities						
Derivative financial instruments		12.80	0.00	13.69		26.49
Trade payables	271.83					271.83
Debt securities		2,132.75	4,492.81	30,109.82	12,052.72	48,788.10
Borrowings		4,788.19	34,759.32	55,393.07	270.98	95,211.56
Deposits		19,624.66	14,551.60	593.59	0.00	34,769.85
Subordinated liabilities		849.95	927.00	11,047.28	6,944.47	19,768.70
Other Financial Liabilities	38.89			3.13		42.02
Total undiscounted financial liabilities	310.72	27,408.35	54,730.73	97,160.58	19,268.17	198,878.55
Total net financial assets / (liabilities)	28,795.47	(14,361.15)	(17,331.78)	(2,468.80)	3,340.23	(2,026.03)

Note

1. No interest has been considered on stage 3 assets for future periods
2. Realisation from Stage 3 assets is considered in the "Over 5 years bucket"



52.3 Market Risk

(a) Market Risk Sensitivity Analysis

(Rs in million)

	As at March 31, 2019	Sensitive	Non Sensitive	As at March 31, 2018	Sensitive	Non Sensitive	As at April 01, 2017	Sensitive	Non Sensitive
Financial Assets									
Cash and cash equivalents	9,649.04	-	9,649.04	7,990.26	-	7,990.26	29,106.19	-	29,106.19
Bank Balance other than (a) above	0.94	-	0.94	2,500.48	-	2,500.48	-	-	-
Derivative financial instruments	60.16	-	60.16	1,520.78	-	1,520.78	572.71	-	572.71
Receivables	2.73	-	2.73	917.49	-	917.49	1,145.87	-	1,145.87
Loans	11,364.26	-	11,364.26	124,354.60	-	124,354.60	95,846.17	-	95,846.17
Investments	11,586.38	4,389.06	7,197.32	29,703.86	8,499.58	21,204.28	25,342.88	8,975.87	16,367.01
Other Financial assets	368.31	-	368.31	2,775.46	-	2,775.46	3,216.98	-	3,216.98
Financial Liabilities									
Derivative financial instruments	-	-	-	-	-	-	26.49	-	26.49
Trade Payables	205.35	-	205.35	342.38	-	342.38	271.83	-	271.83
Debt securities	42,222.62	-	42,222.62	42,222.62	-	42,222.62	35,955.88	-	35,955.88
Borrowings	88,663.27	87,633.27	1,030.00	88,663.27	87,913.27	750.00	80,754.17	79,754.17	1,000.00
Deposits	18,076.81	-	18,076.81	18,076.81	-	18,076.81	33,309.65	-	33,309.65
Subordinated liabilities	16,407.91	-	16,407.91	16,407.91	-	16,407.91	12,974.16	-	12,974.16
Other financial liabilities	504.93	-	504.93	504.93	-	504.93	42.02	-	42.02



(b) Interest Rate Sensitivity

Following change is estimated on the profits / (loss) in the event of change in interest rates

(Rs in million)

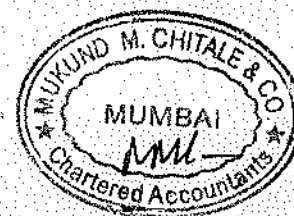
	Increase in Interest Rate by 50 bps	Decrease in Interest Rate by 50 bps
As at March 31, 2019	(455.38)	455.38
As at March 31, 2018	(463.88)	463.88
As at March 31, 2017	(415.46)	415.46

(c) Movement in Market Price

Following change is estimated on the profits / (loss) in the event of change in quoted price of the instruments

(Rs in million)

	Increase in Market Price by 5%	Decrease in Market Price by 5%
As at March 31, 2019	74.37	(74.37)
As at March 31, 2018	293.21	(293.21)
As at March 31, 2017	341.71	(341.71)



Notes to accounts to the financial statements for the year ended March 31, 2019

(53) First-time adoption of Ind AS– mandatory exceptions, optional exemptions:

- (a) The Company has used the same accounting policies in its opening Ind AS Balance Sheet and throughout all periods presented in its first Ind AS financial statements. The accounting policies that the Company has used in its opening Ind AS Balance Sheet may differ from those that it used for the same date using its previous GAAP.

The estimates used by the Company at the date of transition to Ind AS are consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

Further, The Company has used reasonable and supportable information which is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in accordance with previous GAAP

- (b) The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2017 by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Derecognition of Financial Assets and Financial Liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2017.

Classification of all Instruments

The Company has determined the classification of all Instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria or FVTPL criteria based on the facts and circumstances that existed as of the transition date.

Impairment of Financial Assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, impairment has been done based on management estimates and past experience.

Investments in Subsidiaries, Joint Ventures and Associates

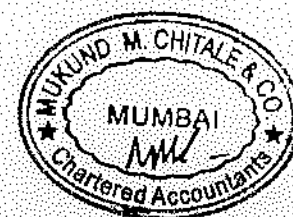
The Company has measured Investments in subsidiaries, Joint Ventures and Associates at deemed cost i.e. the previous GAAP carrying amount at the date of transition.

Property, Plant and Equipment

For transition to Ind AS, the Company has measured all property, plant and equipment's as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Investment Property

The Company has elected to continue with the carrying value of its investment property recognised as of April 1, 2017 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



Notes to accounts to the financial statements for the year ended March 31, 2019

(c) Reconciliation of total equity as at:

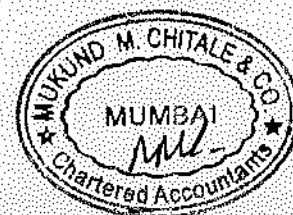
(Rs in million)

	Ind AS Reference No	Note	As at March 31, 2018	As at March 31, 2017
Total equity / shareholders' funds as per Indian GAAP			23,997.49	24,071.25
Adjustment for:				
Reclassification of Preference Shares as Financial Liabilities	Ind AS 32		(2,427.57)	(2,427.59)
Effective Interest Rate on Financial Liabilities at amortised cost	Ind AS 109		(18.98)	(10.06)
Expected Credit Loss on Financial Asset at amortised cost	Ind AS 109	2	(21,901.73)	(21,804.70)
Fair valuation changes on Investments	Ind AS 109	3	(2,926.55)	(3,023.17)
Capitalisation of Borrowing Cost on Investment Property	Ind AS 23		666.18	666.03
Recognition of Derivatives	Ind AS 109	1	(322.22)	572.71
Reversal of upfront fee on Contract Assets	Ind AS 101		(4.60)	(4.60)
Other Items	Ind AS 115		(64.34)	3.35
Deferred Tax Impacts on the above items	Ind AS 12	4	7,723.74	7,444.60
			(19,276.07)	(18,583.43)
Total equity as per Ind AS			4,721.42	5,487.82

(d) Reconciliation of total Comprehensive Income for the period ended March 31, 2018

(Rs in million)

	Ind AS Reference No	Note	For the year ended March 31 2018
Comprehensive profit/(loss) as per Indian GAAP			996.60
Adjustment for:			
Impact on Interest Income as per EIR Method	Ind AS 101		28.83
Recognition of Finance Cost on Preference Shares thru P&L	Ind AS 109		(284.58)
Fair valuation changes on Investments and Derivatives	Ind AS 109	1 & 3	(849.05)
Expected Credit Loss on Financial Asset at amortised cost	Ind AS 109	2	(144.46)
Employee Benefits Expenses	Ind AS 19		1.82
Deferred tax Impact on the above	Ind AS 12	4	279.14
			(968.30)
Comprehensive profit/(loss) as per Ind AS			28.30

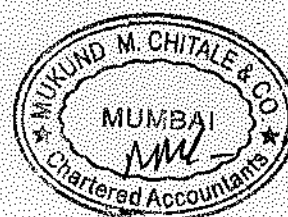


Notes to accounts to the financial statements for the year ended March 31, 2019

(e) Balance Sheet Reconciliation as on April 01, 2017

(Rs In million)

	Note	As per previous GAAP	Adjustments	As per Ind AS
Assets				
(1) Financial Assets				
Cash and cash equivalents		29,106.18	-	29,106.18
Bank Balance other than (a) above		-	-	-
Derivative financial Instruments	1	-	572.71	572.71
Receivables	2	1,417.04	(271.17)	1,145.87
Loans	2	116,979.66	(21,133.49)	95,846.17
Investments	3	28,742.58	(3,399.70)	25,342.88
Other Financial assets		3,216.97	-	3,216.97
(2) Non-financial Assets				
Current Tax Assets		837.61	-	837.61
Deferred Tax Assets	4	1,989.00	7,444.60	9,433.60
Investment Property		5,106.07	666.03	5,772.10
Property, Plant and Equipment		40.45	(0.85)	39.60
Capital work-in-progress		6.62	-	6.62
Other Intangible Assets		4.75	-	4.75
Other non-financial assets (to be specified)		347.89	(248.63)	99.26
Total assets		187,794.82	(16,370.50)	171,424.32
Liabilities and Equity				
(1) Financial Liabilities				
Derivative financial Instruments		26.49	-	26.49
Payables		-	-	-
(i) Trade Payables		-	-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of micro enterprises other than micro enterprises and small enterprises		271.81	-	271.81
Debt securities		36,156.73	(200.85)	35,955.88
Borrowings		80,803.69	(49.52)	80,754.17
Deposits		33,313.30	(3.65)	33,309.65
Subordinated liabilities		12,964.10	10.06	12,974.16
Other financial liabilities (to be specified)		42.02	-	42.02
(2) Non-financial liabilities				
Provisions		280.91	24.71	305.62
Deferred tax liabilities		-	-	-
Other non-financial liabilities		2,292.11	4.59	2,296.70
		166,151.16	(214.66)	165,936.50
(3) Equity				
Equity share capital		2,656.68	-	2,656.68
Other equity		18,986.98	(16,155.84)	2,831.14
Total equity		21,643.66	(16,155.84)	5,487.82
Total liabilities and equity		187,794.82	(16,370.50)	171,424.32

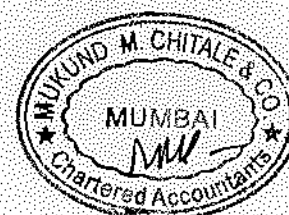


Notes to accounts to the financial statements for the year ended March 31, 2019

(f) Balance Sheet Reconciliation as on March 31, 2018

(Rs in million)

	Note	As per previous GAAP	Adjustments	As per Ind AS
Assets				
(1) Financial Assets				
Cash and cash equivalents		7,990.26	-	7,990.26
Bank Balance other than (a) above		2,500.48	-	2,500.48
Derivative financial instruments	1	1,843.00	(322.22)	1,520.78
Receivables	2	1,587.75	(670.26)	917.49
Loans	2	145,034.19	(20,679.60)	124,354.59
Investments	3	33,007.09	(3,303.23)	29,703.86
Other Financial assets (to be specified)		2,797.99	(22.53)	2,775.46
(2) Non-financial Assets				
Current Tax Assets		942.30	-	942.30
Deferred Tax Assets	4	2,328.00	7,723.74	10,051.74
Investment Property		5,393.77	666.03	6,059.80
Property, Plant and Equipment		79.68	(0.70)	78.98
Capital work-in-progress		6.99	-	6.99
Other Intangible Assets		10.65	-	10.65
Other non-financial assets (to be specified)		555.00	(413.46)	141.54
Total assets		204,077.15	(17,022.23)	187,054.92
Liabilities and Equity				
(1) Financial Liabilities				
Derivative financial instruments		-	-	-
Payables		-	-	-
(i) Trade Payables		-	-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of micro enterprises other than micro enterprises and small enterprises		342.34	-	342.34
Debt securities		40,937.34	(191.76)	40,745.58
Borrowings		86,336.69	(48.57)	86,288.12
Deposits		38,915.20	(180.11)	38,735.09
Subordinated liabilities		14,756.46	18.88	14,775.34
Other financial liabilities (to be specified)		496.47	-	496.47
(2) Non-financial Liabilities				
Provisions		233.36	223.23	456.59
Deferred tax liabilities		-	-	-
Other non-financial liabilities (to be specified)		489.37	4.60	493.97
		182,507.23	(173.73)	182,333.50
(3) Equity				
Equity share capital		2,656.68	-	2,656.68
Other equity		18,913.24	(16,848.50)	2,064.74
Total equity		21,569.92	(16,848.50)	4,721.42
Total Liabilities and equity		204,077.15	(17,022.23)	187,054.92



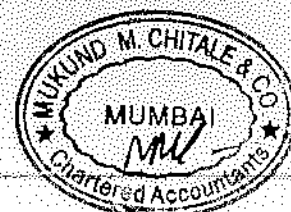
IL&FS Financial Services Limited

Notes to accounts to the financial statements for the year ended March 31, 2019

(g) Reconciliation of Profit or Loss for the year ending March 31, 2018

(Rs In million)

	Note	As per previous GAAP	Adjustments	As per Ind AS
(1) Income				
Interest Income	2	20,840.01	145.68	20,985.69
Dividend		392.51	(205.00)	187.51
Rental Income		5.43	-	5.43
Fee and commission Income		12.15	-	12.15
Project Debt Syndication		1,498.43	-	1,498.43
Corporate Advisory Services		160.90	-	160.90
		22,909.43	(59.32)	22,850.11
(2) Miscellaneous Income		34.72	-	34.72
(3) Total Income (1+2)		22,944.15	(59.32)	22,884.82
(4) Expenses				
Finance Cost		14,780.01	284.58	15,064.59
Net loss on fair value changes	3	1,968.98	849.05	2,818.02
Impairment of financial instruments	2	2,245.02	(5.36)	2,239.66
Employee Benefit Expenses		798.41	(7.01)	791.40
Depreciation, amortisation and Impairment		25.41	(0.14)	25.27
Other Administrative Expenses		1,106.72	0.13	1,106.86
		20,924.55	1,121.25	22,045.82
(5) Profit/(loss) before tax (3-4)		2,019.60	(1,180.58)	839.02
(6) Tax Expenses				
Current Tax		1,362.00	-	1,362.00
Deferred Tax	4	(339.00)	(279.14)	(618.14)
		1,023.00	(279.14)	743.86
(7) Profit/(loss) for the period		996.60	(901.44)	95.16
(8) Other Comprehensive Income				
A. Items that will not be reclassified to profit or loss				
Changes in revaluation surplus;		-	-	-
Remeasurements of the defined benefit plans;		-	(5.19)	(5.19)
Income tax relating to items that will not be reclassified to profit or loss		-	(5.19)	(5.19)
B. Items that will be reclassified to profit or loss				
Debt Instruments through Other Comprehensive Income;	2	-	(61.67)	(61.67)
Income tax relating to items that will be reclassified to profit or loss		-	-	-
		-	(61.67)	(61.67)
Other Comprehensive Income (A+B)		-	(66.86)	(66.86)
(9) Total Comprehensive Income		996.60	(968.30)	28.30



Notes to accounts to the financial statements for the year ended March 31, 2019

Notes to the significant reconciliation items on first time adoption:

1. Derivatives

As per Ind AS 109, an entity shall recognise all the derivative instrument at fair value, accordingly the company has recognised certain derivatives gain of Rs 572.71 million in retained earnings as on transition date. During the financial year ended March 31, 2018 loss of Rs 250.49 million has been recognised in the statement of profit or loss account for the year ended March 31, 2018

2. Expected Credit Loss on Loans and receivables

As per previous GAAP, loans and receivables are recognised at cost less provision specified as per the prudential norms issued by RBI. As per Ind AS 109 the loans and receivable has been recognised at amortised cost less expected credit loss based on the classification of loans as stage 1, stage 2 and stage 3. This would require assessment of 12 month loss allowance and life time loss allowance on the loans and receivables. In accordance with the above, an additional amount of Rs 21,133.49 million and Rs 271.17 million on loans and receivables respectively, has been recognised in the retained earnings as on transition date. The additional impact of Rs 144.46 on account of impairment on loans and receivables (net of reversals) has been considered in statement of profit or loss account for the year ended March 31, 2018

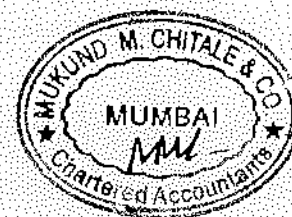
3. Fair valuation of Investments

As per previous GAAP, the investments were carried at cost less impairment. Under Ind AS 109, all the investment have been carried at fair value except investment at cost and investment at amortised cost. Investment at amortised cost are recognised at amortised cost less expected credit loss. Accordingly, an amount of Rs 3,399.70 million has been recognised in retained earnings as on transition date. The investment in subsidiaries and associates have been recognised at cost less impairment. The fair value loss of Rs 598.56 million on investment under Ind AS during the year ended March 31, 2018 has been recognised in Statement of profit or loss account


4. Deferred tax

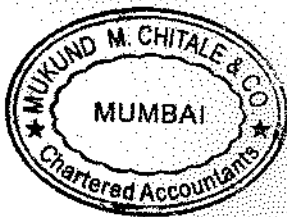
Under previous GAAP, the deferred tax is recognised using Income statement approach which focuses on difference between taxable profit and accounting profit. Ind AS requires entities to account for deferred taxes using Balance Sheet approach. Further the Company has recognised deferred tax impact on the Ind AS adjustments. Accordingly deferred tax of Rs 7,444.60 million has been recognised in retained earnings as on transition date

- (54) Accounts for the previous year ended March 31, 2018 were audited by previous joint auditors – Deloitte Haskin & Sells LLP and BSR & Associates LLP as per the previously applicable GAAP. These Financial Statements are also subject to recasting, the effect of recasting is not considered.
- (55) The corresponding figures of the previous years' have been reclassified and represented in accordance with the current period presentation wherever necessary




(56) The financial statements were approved by the Board of Directors of the Company on December 27, 2019

As per our report of even date
For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm Registration No. : 106655W

M M Chitale
Partner
Membership No 14054
Mumbai, December 27, 2019



For and on behalf of the Board

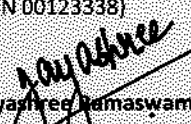

C. S. Rajan
Director
(DIN 00126063)


Dr. Malini Shankar
Director
(DIN 01602529)


Nand Kishore
Director
(DIN 08267502)


N. Srinivasan
Director
(DIN 00123338)


Koushik Modak
Chief Executive Officer,


Jayashree Ramaswamy
Chief Financial Officer


Namita Tripathi
Company Secretary

Mumbai, December 27, 2019

**NOTICE OF 24TH
ANNUAL
GENERAL
MEETING**

NOTICE OF THE TWENTY FORTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Forth Annual General Meeting of the Members of IL&FS Financial Services Limited shall be held by shorter notice on Tuesday, December 31, 2019 at 1.30 pm at the Registered office of the Company situated at The IL&FS Financial Centre, Plot No C-22G Block, Bandra - Kurla Complex, Bandra (East), Mumbai – 400 051 to transact the following business:

ORDINARY BUSINESS:

- (1) To consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2019 and the Reports of the Board of Directors and the Auditors thereon
- (2) To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re- enactment(s) thereof, for the time being in force), M/s Mukund M Chitale & Co, Chartered Accountants, (Registration No 106655W), be and are hereby appointed as the Statutory Auditors of the Company for a term of 5 (five) consecutive years, from the conclusion of this Annual General Meeting till the conclusion of the 29th Annual General Meeting of the Company, at such remuneration as shall be decided by the Board of Directors (or any Committee thereof) in consultation with the Auditors”.

SPECIAL BUSINESS:

- (3) To consider and take on record the appointment of the Directors of the Company:

Pursuant to the order of Hon’ble National Company Law Tribunal (NCLT) dated October 09, 2018, the Infrastructure Leasing & Financial Services Limited (IL &FS), the holding company, has nominated the following Directors on the Board of the Company:

Name of Directors	Directors Identification Number	Date of Appointment
Mr Vineet Nayyar	00018243	October 26, 2018
Dr Malini Shankar	01602529	October 26, 2018
Mr Nand Kishore	08267502	October 26, 2018

Name of Directors	Directors Identification Number	Date of Appointment
Mr Chandra Shekhar Rajan	00126063	October 26, 2018
Mr Natarajan Srinivasan	00123338	January 08, 2019
Mr Bijay Kumar	07262627	April 24, 2019

The brief profiles of the above directors are provided in the explanatory statement

**By Order of the Board of Directors
For IL&FS Financial Services Limited**

Regd Office:
IL&FS Financial Services Limited
 CIN : U65990MH1995PLC093241
 The IL&FS Financial Centre
 Plot No C-22, G Block
 Bandra Kurla Complex
 Bandra (East), Mumbai 400 051

Sd/-

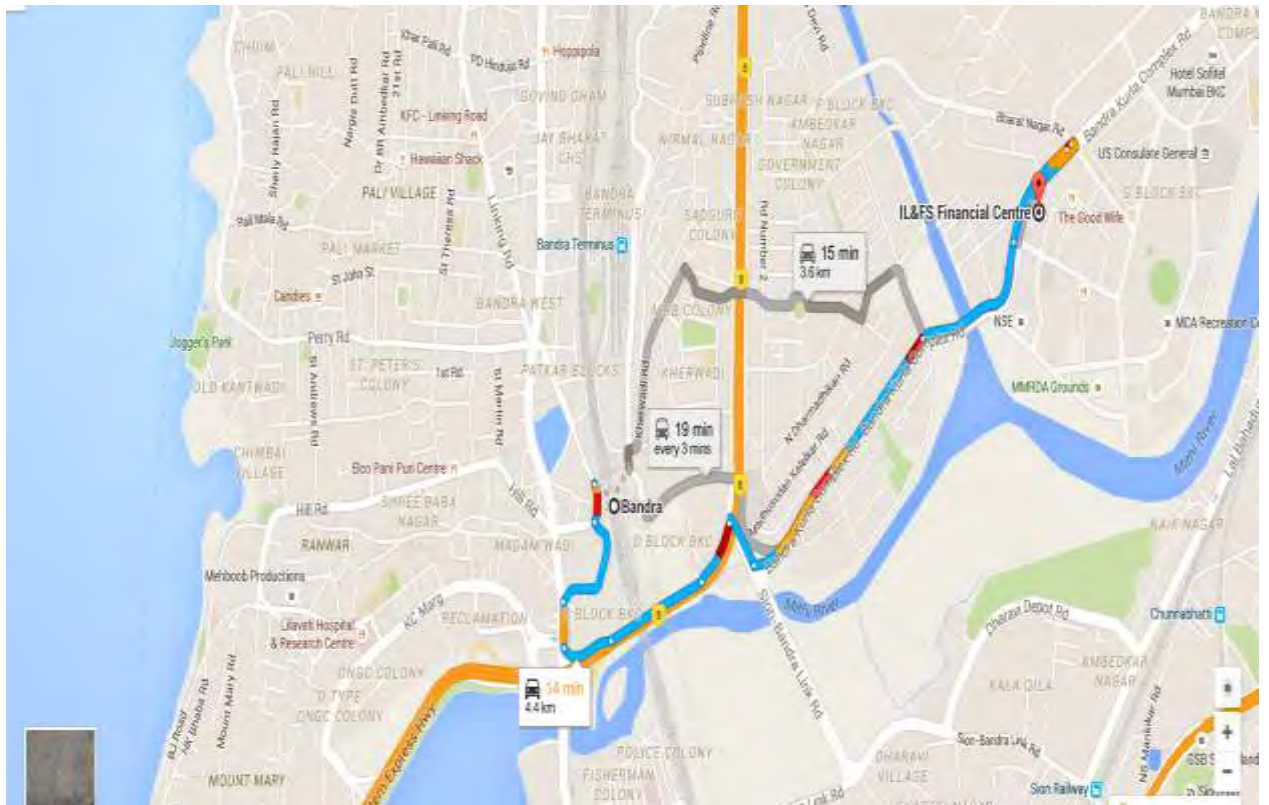
Namita Tripathi
Company Secretary
Membership No: A40635

Date: December 27, 2019
 Place: Mumbai

NOTES:

- (a) The consent for the shorter notice has been received from the shareholders entitled to vote for the meeting to be convened at a shorter notice.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (b) Pursuant to the provisions of the Companies Act, 2013 and the underlying rules viz. Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. The Proxy form for the AGM is enclosed herewith
- (c) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting
- (d) The Explanatory Statement in respect of Item No 3 pursuant to Section 102 of the Companies Act, 2013 is annexed herewith
- (e) Members/ Proxies are requested to bring their Attendance Slip duly filled in along with their copy of Annual Report to the Meeting. The Attendance Slip for the AGM is enclosed herewith
- (f) Members who hold shares in dematerialized form, are requested to bring their depository account number (Client ID No.) for easier identification and recording of attendance at the Meeting
- (g) Members are requested to notify any change in their address/bank account details to:
 - (i) their Depository Participants (DPs) in respect of shares held in the Demat Form, and
 - (ii) the Company at its Registered Office in respect of shares held in physical form, quoting their Folio number
- (h) For the purpose of receiving any communication from the Company, members are requested to register their e-mail address or any changes therein with:
 - (i) their Depository Participants (DPs) in respect of shares held in the Demat Form, or
 - (ii) the Company at its Registered Office

- (i) Pursuant to the provisions of the Companies Act, 2013/Companies Act, 1956, there is no unpaid/unclaimed dividend for the period of past seven years
- (j) Road map to reach to the venue of the Meeting from the nearest railway stations is provided below:



EXPLANATORY STATEMENT

The following Explanatory Statement set out the material facts as required under Section 102 of the Companies Act, 2013:

Item No 3

(a) The brief profile of Mr Vineet Nayyar is as under:

Mr. Vineet Nayyar, Chairman of the Company, has led several organizations across various industries. In a career spanning over 50 years, Mr. Nayyar has worked with the Government of India, international multilateral agencies and in the Corporate Sector (both Public and Private). He started his career with the Indian Administrative Service and held a series of senior positions, including that of a District Magistrate, Secretary - Agriculture & Rural Development for the Government of Haryana and Director, Department of Economic Affairs, Government of India. He also worked with The World Bank for over 10 years in a series of senior assignments, including successive terms as the Chief for the Energy, Infrastructure and the Finance Divisions for East Asia and Pacific.

Mr Nayyar was also the founding Chairman and Managing Director of the state-owned Gas Authority of India and has served as the Managing Director of HCL Corporation Ltd., and as the Vice Chairman of HCL Technologies Ltd. He was also a co-founder and Chief Executive Officer of HCL Perot Systems. Mr. Nayyar received a Master's Degree in Development Economics from Williams College, Massachusetts. Mr. Nayyar was also the Vice Chairman of Tech Mahindra Ltd and under his leadership Tech Mahindra took-over Satyam Computer Services Ltd and revived it from the brink of collapse. In addition, Mr. Nayyar is also the Chairman of Tech Mahindra Foundation and Mahindra Educational Institutions.

(b) The brief profile of Dr Malini Shankar is as under:

Dr. Malini Shankar, Director of the Company, an IAS Officer of 1984 batch, retired as Director General, Shipping, Government of India (GoI), on December 31, 2018

She has a Management degree from the Asian Institute of Management, Manila (Philippines) and Ph.D in Economics from IIT Madras.

Dr. Malini Shankar held key positions in Government of Maharashtra and Government of India – Collector & District Magistrate, Nagpur District; Joint Development Commissioner MEPZ SEZ Chennai; Secretary, Maharashtra Electricity Regulatory Commission (MERC); Principal Secretary, Water Supply and Sanitation Department and Water Resources Department; Additional Chief Secretary, Environment Department

(c) The brief profile of Mr Nand Kishore is as under:

Mr. Nand Kishore, Director of the Company is a 1981 batch officer of Indian Audit and Account Service. He retired as Deputy Comptroller and Auditor General (Dy. CAG) in the rank and pay of Secretary to Government of India. As Dy. CAG he looked after audit of Defence, Railways and Communications ministries of Government of India including their departments and public sector units.

Mr. Kishore holds a Bachelor of Engineering (Electrical) degree from University of Roorkee (now IIT Roorkee) and is also a Certified Internal Auditor from The Institute of Internal Auditors, Florida, USA.

(d) The brief profile of Mr Chandra Shekhar Rajan is as under:

Mr. Chandra Shekhar Rajan, Director of the Company, is an IAS Officer of the 1978 Batch, who retired as Chief Secretary, Rajasthan, on June 30, 2016. He then served as Deputy Chairman, Chief Minister's Advisory Council till December 2018.

During his 38 years in the IAS, Mr. Rajan has served for around 14 years in various capacities in Agriculture and Rural Development, 12 years in Infrastructure sectors like Power, Roads, Industries, 5 years in Finance and 5 years in General Administration. He has co-authored a book on "Farmers Participation in Agricultural Research and Extension". Mr. Rajan has also briefly served as a Consultant with the World Bank

(e) The brief profile of Mr Natarajan Srinivasan is as under:

Mr. Natarajan Srinivasan, Director of the Company is an Associate Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. Mr. Srinivasan has 34 years of experience in the areas of Financial services, legal, projects and general management. The last 15 years of his service has been with the Murugappa group, Chennai in various capacities, including as Group director finance, Executive Vice chairman and Managing director, Cholamandalam Investment and Finance Company Limited. He serves as an Independent Director on the Boards of Godrej Agrovet Ltd and India First Life Insurance Company Ltd.

(f) The brief profile of Mr Bijay Kumar is as under:

Mr. Bijay Kumar, Director of the Company, is an IAS Officer of the 1986 Batch. Mr. Kumar retired as Additional Chief Secretary (Agriculture, ADF & Marketing), Government of Maharashtra. Mr. Kumar also worked as Principal Secretary (Finance), Government of Maharashtra. Prior to the Member of Indian Administrative Service in the year 1986, Mr. Kumar served as a member of IPS (Punjab Cadre) 1985 batch. Mr. Kumar represented Government of India in CODEX meeting organized by USDA at Washington and led Indian delegation under Indo Israel Corporation Programme in Agriculture Sector.

**By Order of the Board of Directors
For IL&FS Financial Services Limited**

Regd Office:

IL&FS Financial Services Limited

CIN : U65990MH1995PLC093241

The IL&FS Financial Centre

Plot No C-22, G Block

Bandra Kurla Complex

Bandra (East), Mumbai 400 051

Sd /-

**Namita Tripathi
Company Secretary
Membership No: A40635**

Date: December 27, 2019

Place: Mumbai

IL&FS FINANCIAL SERVICES LIMITED

Registered Office: The IL&FS Financial Centre, Plot No. C-22, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
CIN: U65990MH1995PLC093241

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:

Name of the company:

Registered office:

Name of the member(s): Registered address: E-mail id: Folio No/Client Id: DP ID:
--

I/We _____ of _____
being the Member(s) of IL&FS FINANCIAL SERVICES LIMITED hereby appoint

(1) Name :

 Address :

 E-mail Id :

 Signature : or failing him

(2) Name :

 Address :

 E-mail Id :

 Signature :, or failing him

(3) Name :

 Address :

 E-mail Id :

 Signature :

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the
Annual General Meeting of the Company, to be held on the day of at
.....am/pm at (place) and at any adjournment thereof in respect of
such resolutions as are indicated below:

Resolution No:

- (1)
- (2)
- (3).....
- (4).....
- (5).....
- (6).....
- (7).....
- (8).....

Signed this _____ day of _____, 2019

Signature of shareholder

<p>Affix Revenue Stamp</p>

Signature of Proxy holder(s)

Note: This form duly completed and signed must be deposited at the Registered Office of the
Company not less than 48 hours before the Meeting

IL&FS FINANCIAL SERVICES LIMITED

Registered Office: The IL&FS Financial Centre, Plot No. C-22, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051
CIN: U65990MH1995PLC093241

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)

Twenty Forth Annual General Meeting held on December 31, 2019

I hereby record my presence at the Twenty Forth Annual General Meeting of the Company held on _____, _____ at _____ am at The IL&FS Financial Centre, Plot No C-22, G Block, Bandra - Kurla Complex, Bandra (East), Mumbai – 400 051 and at any adjournment thereof

Full name of the Member (in BLOCK LETTERS) _____

Full name of the Proxy (in BLOCK LETTERS) _____

Member's/ Proxy's Signature _____

Note : Shareholder / Proxy holder wishing to attend the meeting must bring this Attendance Slip to the meeting and hand over at the entrance duly signed.